



Daily Report

China

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General

Foreign Ministry Gives Weekly News Briefing

Support for Khmer Rouge

OW1108085888 Beijing XINHUA in English
0813 GMT 11 Aug 88

[Text] Beijing, August 11 (XINHUA)—A Chinese Foreign Ministry spokesman said today that so long as Vietnam does not withdraw all its troops from Kampuchea, China will continue to provide assistance to the three patriotic forces of Kampuchea, including the Khmer Rouge.

The spokesman Jin Guihua made the remark at the weekly news briefing this afternoon in response to the saying alleging that the Khmer Rouge is the major obstacle to a settlement of the Kampuchean question so China should stop supplying weapons to it.

He said that the provision of Chinese assistance to the three patriotic forces of Kampuchea, including the Khmer Rouge, is for upholding justice, safeguarding the norms of international relations and supporting their fight against aggression.

"It is our view that the key to a political settlement of the Kampuchean question lies in the early and genuine withdrawal of all the Vietnamese troops from Kampuchea," he said.

Jin warned that to divert attention and not to concentrate efforts on pressing Vietnam to withdraw its troops will only help the Vietnamese aggressors achieve the goal that it has failed to reach on the battleground.

Asked about China's attitude toward the formation of the future Kampuchean government, Jin said that China is not in favor of any party monopolizing power nor the exclusion of any other party.

More on Cambodian Support

HK1108091688 Beijing ZHONGGUO XINWEN SHE
in Chinese 0837 GMT 11 Aug 88

[Report: "China's Principled Stand of Supporting Cambodia Will Not Change"]

[Text] Beijing 11 Aug (ZHONGGUO XINWEN SHE)—Today, Chinese Foreign Ministry Spokesman Jin Guihua said: If Vietnam does not withdraw all its troops from Cambodia, China will, along with other peoples who uphold justice and are opposed to Vietnamese aggression, continue to support the three Cambodia patriotic forces. China's principled stand is firm and unswerving.

At this afternoon's news briefing, a reporter asked: "According to foreign news agencies, many people in the world regard the Khmer Rouge as the main obstacle to the political settlement of the Cambodian issue and

think that China should stop supplying arms to it. What are China's comments on this? Is China going to stop supplying arms to it and withdraw its support?"

Jin Guihua said in reply to this question: China thinks that the key to the political settlement of the Cambodian issue is that Vietnam genuinely and without delay withdraw all its troops from Cambodia. If we do not concentrate on putting pressure on Vietnam to force it to withdraw its troops but shift our attention elsewhere, we can only help the Vietnamese aggressors achieve goals which they cannot achieve on the battlefield, and this does not help us solve the Cambodian issue politically. China is providing aid for the three Cambodian patriotic forces, which include the Khmer Rouge, because it wants to uphold justice and the criteria for international relations and to help them resist aggression.

NPC Group to New Zealand, Australia

OW1108090888 Beijing XINHUA in English
0758 GMT 11 Aug 88

[Text] Beijing, August 11 (XINHUA)—A delegation of the Chinese National People's Congress (NPC) headed by vice-chairman of the NPC Standing Committee Sun Qimeng will pay a goodwill visit to New Zealand and Australia starting from August 15 at the invitation of the two countries' parliaments.

This was announced by Chinese Foreign Ministry Spokesman Jin Guihua here this afternoon at the weekly news briefing.

Sun will also attend the inaugural meeting of the Australian Parliament in its new Parliament House, the spokesman said.

U.S. Trade Bill Criticized

OW1108100588 Beijing XINHUA in English
0936 GMT 11 Aug 88

[Text] Beijing, August 11 (XINHUA)—A newly-approved massive trade bill in the United States will have a negative impact on developments in Sino-U.S. trade and economic cooperation, a Chinese Government official said here today.

The trade bill was approved by the U.S. House of Representatives and the Senate on July 13 and August 3 respectively.

Liu Xiangdong, spokesman for the Ministry of Foreign Economic Relations and Trade, said, "China is concerned about this bill because it has strong protectionist tendencies and is not in line with the U.S. Government's long-term position on free trade."

Liu also mentioned the bill goes against basic principles of general tariff and trade agreements.

UN Endangered by U.S. Failure To Pay Dues

OW1008234988 Beijing XINHUA in English
1854 GMT 10 Aug 88

[Text] United Nations, August 10 (XINHUA)—The UN General Assembly will resume its 42d session next Tuesday to discuss the financial aspect of the UN Iran-Iraq military observer group (UNIIMOG).

"There will be a resumed session of the General Assembly which will commence at 1000 am next Tuesday regarding the finance of the UNIIMOG," spokeswoman Nadia Younes announced at a regular UN noon briefing.

She said that the resumed session is expected to last two days and president of the General Assembly, Peter Florin of Democratic Germany, is arriving in New York over the weekend.

UNIIMOG, an unarmed UN peacekeeping force, was set up by the Security Council in a resolution adopted yesterday to monitor the UN announced cease-fire starting August 20 in the eight-year Iran-Iraq war and observe the troop withdrawal of both sides to the internationally recognized boundaries.

The composition of the force, 350 military observers from 24 UN member states, has been worked out by UN Secretary General Javier Perez de Cuellar after consultations with the two warring parties yesterday and endorsed by the Security Council today.

The force, made up by military observers from Argentina, Australia, Austria, Bangladesh, Canada, Denmark, Finland, Ghana, Hungary, India, Indonesia, Ireland, Italy, Kenya, Malaysia, New Zealand, Nigeria, Norway, Poland, Senegal, Sweden, Turkey, Yugoslavia and Zambia, will be deployed in Iran and Iraq for a period of six months.

According to the UN secretary-general, the cost of the force will be approximately 74 million dollars for the six months, of which about 47 million dollars will be for initial setting-up costs.

The United Nations, which has run several peacekeeping forces in some of the world's conflicting regions, has said it will be on the verge of insolvency by October this year due to some member countries' delay of their payment of the assessed contributions, particularly the United States.

The United States, which shares 25 percent of the UN budget, has withheld 44 million dollars of its 1987 dues and paid none of its 214.9 million contributions for 1988.

UN Spokesman Francois Giuliani told reporters today that if the United States continues to withhold its assessed UN dues, the world organization will go broke in September of this year.

UN Supervisory Team Arrives in Tehran

OW1008155988 Beijing XINHUA in English
1022 GMT 10 Aug 88

[Text] Tehran, August 10 (XINHUA)—A UN team to supervise the establishment of ceasefire in the Iran-Iraq war arrived here this morning, Iran's ISLAMIC REPUBLIC NEWS AGENCY (IRNA) reported.

The five-member group are expected to hold talks with Iranian political and military officials to make arrangement for the arrival of the UN military observers.

The visiting group will be stationed in southern and western Iran to supervise military movements until ceasefire between Iran and Iraq goes into effect at 03:00 GMT on August 20, IRNA said.

The UN Secretary General Javier Perez de Cuellar announced on August 8 the ceasefire D-day. Following the declaration, Hashemi Rafsanjani, acting commander-in-chief of Iran's Armed Forces ordered his troops throughout the warfront to refrain from any military action, but maintain vigilance to beat back any possible Iraqi attack.

United States & Canada

Further on Tibet Leader, U.S. Ambassador Meeting

HK1108023788 Lhasa Tibet Regional Service
in Mandarin 0000 GMT 11 Aug 88

[Text] On the morning of 9 August, Regional Government Chairman Doje Cering met in Lhasa with U.S. Ambassador Walter Lord and his wife and party who are touring in Tibet. Host and guests talked in a cordial and friendly atmosphere.

Ambassador Lord said: The U.S. Government has consistently recognized that Tibet is an inseparable part of Chinese territory. As an old friend of the Chinese people, I feel very happy to be able to talk with the chairman on my first visit to Tibet. I also congratulate Chairman Doje Cering on being reelected chairman of the Tibet Regional People's Government.

Chairman Doje Cering welcomed Ambassador Lord and his wife on their tour of Tibet, and answered the questions they raised. He said: Tibet needs to get to know the world, and the world also needs to get to know Tibet. The masses of religious believers in Tibet now fully enjoy freedom of religious belief. The masses also enjoy more human rights than at any previous time.

Chairman Doje Cering also answered Ambassador Lord's questions about the circumstances of the trouble-making masses detained and questioned during the disturbances.

'Dispatch' on Dukakis Presidential Candidacy
HK1008104388 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 32, 8 Aug 88, pp 27-28

[Article by Bao Guangren (7637 1639 0088): "Dukakis, The Presidential Nominee"]

[Text] Special Dispatch From Atlanta—On the evening of 20 July, the national convention of the U.S. Democratic Party was held amidst a very excited atmosphere in Atlanta, a key city in the southern part of the United States. After the names of the Democratic Party's presidential candidates were called out one by one, 235 delegates from the state of California, which is nicknamed the "super state" because it has the largest number of delegates at the U.S. Democratic National Convention, voted for Michael Dukakis, governor of the State of Massachusetts. As a result, Dukakis got more than the required 2,082 votes and became the presidential nominee of the Democratic Party. At this moment, the meeting hall was seething with excitement. Everywhere you could see signs with "Duke" (Dukakis' nickname) written on them, and you could hear people shouting support for "Duke." Dukakis has been officially selected as the Democratic Party's candidate and will contend with Vice President George Bush, who has been selected [as published] as the presidential nominee of the Republican Party, for the U.S. Presidency in autumn of this year.

When the Democratic Party convention was being held in Atlanta, Dukakis was absent. He was watching the live telecast of the convention with his mother, his wife, and his children in a hotel. When the delegates from the state of California voted for him at the most crucial moment of the convention, Dukakis smiled and said to his wife sitting beside him: "The whole process is just like putting on a play."

It is true that to Dukakis, the campaign carried out over the past few months by the Democratic Party to select a presidential nominee, has been just like a play. In this play, Dukakis first played a supporting role and then a leading role. Finally, he became the star who was closely followed by all the stage lights.

Although the result of the U.S. Democratic Party Convention that was held on 20 July turned out as expected, the entire process of the U.S. Democratic Party Convention was really like a play.

When the Democratic Party's campaign to select its own presidential nominee first started in the state of Iowa on 8 February, the Democratic Party had only "seven dwarfs." The three most influential figures of the Democratic Party—Senator Edward Kennedy; Mario Cuomo, who is governor of the state of New York; and Senator Bill Bradley were unwilling to contend for the Democratic presidential nomination due to a variety of reasons. The most influential figure among the "seven dwarfs" was former Senator Gary Hart. However,

because Gary Hart spent "a night" with a beautiful girl at his home in Washington, his White House dream and his years of effort were destroyed.

Thus it was history that put Dukakis in the forefront. Dukakis is a governor who does not have an attractive appearance and is not gifted with a silver tongue. To many people, Dukakis is a governor who does not have the "charm of a great man." When he first sought the Democratic presidential nomination in the state of New Hampshire with Jesse Jackson, leader of the black human rights movement, Dukakis won more votes. When the preliminary campaign to select the Democratic presidential nominee ended in June of this year, Dukakis defeated all the other contenders within the Democratic Party and won enough votes to become the Democratic presidential candidate. Therefore, the national convention of the U.S. Democratic Party held on 20 July to select the Democratic presidential candidate was merely a formality.

Dukakis has seized the best opportunity. However, he owes his success to his own efforts. A few months ago, he was almost unknown to ordinary U.S. citizens, but now almost everyone in the United States knows him.

Dukakis was born in 1933. He graduated from the School of Law of Harvard University in 1960. He was elected governor of Massachusetts at the beginning of 1974. However, he failed to be reelected in 1978, but was reelected in 1982. And in 1986, he was again reelected governor of Massachusetts.

By relying on the famous higher learning institutions in the state of Massachusetts, such as Harvard University, Massachusetts Institute of Technology, and so on, Dukakis has made great efforts to help the state of Massachusetts develop its high-tech industries and has made outstanding contributions to raising the employment rate, developing the economy, and providing for social welfare. Dukakis has been praised by the U.S. media as a governor who "has worked wonders in the state of Massachusetts."

Because he is prudent with his words, Dukakis has been praised as "a man who is good at the practical work, but not good at empty talk." Dukakis seldom attacks his opponents, thus giving people the impression that he is a steady and honest man. The U.S. voters have been tired of hearing about the scandals of the Reagan administration and now hope that they will have a steady and reliable president. Dukakis has caught up with this trend.

Another person who attracted a lot of attention at the recently convened national convention of the U.S. Democratic Party was Jesse Jackson. A delegate to the U.S. Democratic Party National Convention made a comment about Jesse Jackson and said that although Jackson has

neither been selected as the Democratic presidential candidate nor been selected as the Democratic vice presidential candidate, he was the one who attracted the most attention during the national convention.

This is no exaggeration.

Within the Democratic Party, apart from Dukakis, Jesse Jackson was the only one still running for the U.S. Presidency. In the preliminary presidential election, Jesse Jackson won 1,161 votes and had the support of more than 7 million voters in the United States. He is the most successful black presidential candidate in U.S. history. Although Jesse Jackson had known that he would not be selected as the Democratic presidential candidate, he still put his name to the vote at the national convention in order to pave the way for black Americans to enter the White House. Jesse Jackson said that he and other descendants of the black Americans will eventually overcome all the difficulties and enter the White House.

Prior to the national convention, when Jesse Jackson knew that Dukakis was not going to select him as the Democratic vice presidential candidate, he said that he felt "humiliated" and planned to stir up some trouble at the national convention. However, before the national convention started, Dukakis had a talk with Jesse Jackson. During the talk, Dukakis said that he fully acknowledged the role played by Jesse Jackson and he needed Jackson's support. Dukakis also made concessions to Jesse Jackson on a number of issues. Finally, Dukakis and Jesse Jackson reached an agreement. Jackson gave his support to Dukakis. An "internal war" was thus avoided.

Jesse Jackson's proposals on providing aid to the poor and homeless, raising the employment rate, freezing defense expenditures, fighting against drug trafficking, and combating the AIDS disease have won the support of the people of the middle and lower social strata in the United States. That Dukakis made peace with Jesse Jackson showed that Dukakis is a real statesman. During the first 2 days of the Democratic Party convention, Jesse Jackson was the focal point. Dukakis did not show up at the convention in order to give Jesse Jackson a due position and psychological satisfaction at the convention. In this way, the U.S. Democratic Party succeeded in realizing its unity.

Chinese Company 'Ready' To Fish Off Alaska
OW1108025788 Beijing XINHUA in English
0141 GMT 11 Aug 88

[Text] Jinan, August 11 (XINHUA)—Two vessels of the Yantai Ocean Fishing Company are ready to sail on a 9-month fishing operation in the waters of Alaska in accordance with an agreement between China and the United States.

The company is one of three Chinese fishing companies engaged since 1985 in fishing the rich North Pacific off-shore waters. The other two are from Shanghai and Dalian.

China started ocean fishing operations in 1985, and now 60 vessels of 10 ocean fishing companies are operating in coastal waters on the other side of the oceans in accordance with related agreements.

The 2 vessels of the Yantai company have already caught a total of 35,000 tons of fish in 6 previous runs. They have earned 9 million U.S. dollars and 27 million yuan.

U.S. 'Concerned' Over Burma Situation
OW1108014388 Beijing XINHUA in English
2336 GMT 10 Aug 88

[Text] Washington, August 10 (XINHUA)—The United States is concerned about the political situation in Burma and the American Embassy in the country is closed, the State Department said today.

Reports reaching here said that Burma's troops fired on anti-government demonstrators for the third straight day today in Rangoon, capital of Burma, and more than 100 people were killed and nearly 1,000 wounded.

"We continue to deplore the shooting of unarmed demonstrators and we're concerned about reports that troops are seeking out groups of protesters and firing on them," State Department spokeswoman Phyllis Oakley said at a regular news briefing.

Oakley said the American Embassy in Rangoon is closed and all U.S. official personnel and their dependents are safe at their homes.

"We'll take whatever steps necessary to ensure the safety of American personnel," the spokeswoman said, adding, "At this time we don't have any plans to evacuate" the Americans.

According to Oakley, there are 61 U.S. Government and contract employees and 93 dependents in Burma. In addition, an average of 80 American tourists visit the country at any given time.

Reagan Signs Japanese-American Compensation Bill
OW1108044188 Beijing XINHUA in English
0200 GMT 11 Aug 88

[Text] Washington, August 10 (XINHUA)—U.S. President Ronald Reagan today signed a bill providing 20,000 dollars to each of the 62,000 surviving Japanese-Americans interned during World War II by the U.S. Government.

Reagan said the bill was intended to "make up for a mistake in the past."

About 120,000 Japanese-Americans, both citizens and resident aliens, were forced by the U.S. Government from their homes and jobs into internment camps following the Japanese attack on Pearl Harbor, Hawaii, on December 7, 1941. About 62,000 of them are still alive.

A total of 1.25 billion dollars will be paid to the survivors beginning in about a year over a 10-year period, with the most elderly getting priority treatment.

Besides the payments, the U.S. Government will also apologize for having forced so many Japanese-Americans into the internment camps.

A special commission concluded in 1980 that the U.S. evacuation order was based on hysteria and racial prejudice and compensation should be paid.

Carlucci Wants Soviet Defense Budget Information

*OW1008191788 Beijing XINHUA in English
0811 GMT 10 Aug 88*

[Text] Washington, August 9 (XINHUA)—U.S. Defense Secretary Frank Carlucci said today that although he has seen changes in the Soviet Union, he cannot determine how much its military has changed until he sees the Kremlin's defense budget.

Carlucci, who visited the Soviet Union and was shown around military facilities there earlier this month, made the remarks on TV news programs today.

He said that his discussions with Soviet Defense Minister Dmitry Yazov focused on "dangerous military activities" and ways to avoid them.

"We have established a program for military-to-military contacts and we had an extensive discussion on our respective military doctrines," Carlucci said.

"I've come to understand their doctrine better; we had a chance to explain our doctrine, although they still do not seem to understand all of our doctrine. There's a fair gap between us, but we're contributing to easing tensions, and certainly for them to show me their equipment and allow me to watch their exercises is a significant event."

Describing the Soviet opening as "helpful," Carlucci said that he can't tell whether the Soviet military is changing "until they publish their defense budget."

According to the Defense Department today, Carlucci has extended an invitation to Yazov to visit the United States. The department said that Yazov has accepted the invitation but did not indicate precisely when he might be coming.

Soviet Union

CPSU's Yakovlev Defends Gorbachev Reforms

*OW1108075988 Beijing XINHUA in English
0547 GMT 11 Aug 88*

[Text] Moscow, August 10 (XINHUA)—Soviet society is in great need of the most extensive diversity of opinions and viewpoints as far as the perestroika drive is concerned, Soviet Communist Party ideologist Aleksandr Yakovlev said Wednesday.

When addressing party activists in Riga, the capital of Latvia on the Baltic Sea, Yakovlev praised the development of a market economy in the Soviet Union, according to Soviet Television.

Last Friday, Yegor Ligachev, the number two figure in the Soviet leadership, warned that copying the Western market system will bring about unemployment and capitalism in the Soviet Union.

In a speech to party activists of the Gorkiy regional party organizations, Ligachev described the "capitalist market" as being not only "a market of commodities and capital," but also "a manpower market with its ruthless laws and chronic unemployment," according to the official Soviet news agency TASS.

On July 29, Kremlin leader Mikhail Gorbachev proposed fundamentally reforming the structure of Soviet industry and agriculture to encourage private and cooperative initiatives. Gorbachev said the Soviet Union should promote methods in economic relations such as the leasing of the means of production both in agriculture and industry.

In his speech Wednesday, Yakovlev noted that the introduction of new management was never meant to renounce all the past practices. Management based on leasing, household contracts, and the profit and loss self-accounting system is supplemental to the practice which has stood the test of time and proved to be successful.

Yakovlev said that the results of reforms, which everyone could observe and understand, were the criteria for the choice of the resolution of problems, and also the realistic criteria of whether reforms had advanced.

The Communist Party Central Committee secretary criticized resistance to current reforms, saying that resistance forces, coming from various levels of society, have become more evident than in the previous 1 or 2 years.

Arab League Delegation Arrives in Moscow

Departs From Baghdad

OW1108005188 Beijing XINHUA in English
1538 GMT 10 Aug 88

[Text] Baghdad, August 10 (XINHUA)—An Arab seven-member committee delegation left here today for Moscow to follow up the developments of the Iraq-Iran war.

The delegation was headed by Iraqi Minister of State for Foreign Affairs Sa'dun Hammadi and Kuwaiti Deputy Prime Minister and Foreign Minister Shaykh Sabah al-Ahmad.

Before departure, Hammadi said the fixing of the cease-fire date and the date for direct negotiations between Iran and Iraq is a positive development towards the implementation of the UN Security Council Resolution 598.

He stressed that direct negotiations will lead to a mutual understanding of the resolution clauses, adding that peace will help solve all the problems between the two belligerent countries and between Iran and other Arab states.

According to Hammadi, this Moscow tour is part of the efforts by the Arab seven-member committee to help end the Gulf war and the delegation will explain to the five permanent members of the UN Security Council certain points related to the implementation of the Resolution 598.

The committee decided at a meeting held here on August 2 to send delegations to the five permanent members to explain the committee's stand towards the developments of the Iraq-Iran war and the direct negotiations between the two parties.

The Arab seven-member committee composed of foreign ministers of Iraq, Jordan, Kuwait, Morocco, Arab Yemen, Saudi Arabia and Tunisia as well as the Arab League secretary general.

Greeted by Vorontsov

OW1008234788 Beijing XINHUA in English
1858 GMT 10 Aug 88

[Text] Moscow, August 10 (XINHUA)—A delegation from the League of Arab States committee on the Iran-Iraq conflict arrived here today, the Soviet news agency TASS reported.

The delegation, headed by Kuwaiti Deputy Prime Minister and Foreign Affairs Minister Sabah al-Ahmad, also includes Sa'dun Hammadi, a member of the Revolutionary Command Council and minister of state for foreign affairs of Iraq.

The delegation was greeted at the airport by Soviet First Deputy Foreign Minister Yuliy Vorontsov, TASS said, adding that Vorontsov gave a luncheon in honor of the delegation.

The delegation came here after UN Secretary General Javier Perez de Cuellar declared Monday that Iran and Iraq would cease fire beginning August 20 and would have direct talks in Geneva on August 25.

A Soviet Foreign Ministry spokesman said Tuesday that the Soviet Union welcomes the cease-fire reached between Iran and Iraq.

Soviets To Reform Production Materials Trade

OW1108084488 Beijing XINHUA in English
1339 GMT 10 Aug 88

[Text] Moscow, August 10 (XINHUA)—Nineteen eighty-nine will be a turning point for wholesale trade in Soviet production supplies, the Soviet newspaper "PRAVDA" quoted a senior Soviet official's article as saying today.

Wholesale trade in the field, started in 1987, is designed to gradually replace the state-planned supply of production materials. It is seen as an important step in reforming the country's economy.

Development of such trade is still only at a slow pace, Lev Voronin, chairman of the State Committee for Material and Technical Supplies, told the Soviet Communist Party paper. The new form only represents 15 percent of the total sales of production materials, according to statistics.

However, Voronin said that in 1989 enterprises producing these materials will directly sell 70 billion roubles (about 1.18 billion dollars) of their materials or products.

Voronin, who also is a Soviet vice premier, said that to ensure direct and long-term economic links among the nation's 3,000 major enterprises is of prime importance. These producers turn out more than half of the Soviet industrial products, he said.

An automatic data system will be set up in the Soviet State Supply Committee to provide enterprises with any necessary information about techniques and products, he added.

Voronin also said that the Soviet Union would see 2,500 wholesale trade stores next year.

New Soviet Company Promotes Foreign Trade

OW100815388 Beijing XINHUA in English

1143 GMT 10 Aug 88

[Text] Moscow, August 10 (XINHUA)—A company engaging foreign currencies and trade services has been set up in the Soviet Union to broaden Soviet trade in world markets.

According to today's edition of the Soviet newspaper "SOCIALIST INDUSTRY," the company will provide major services that include direct barter trade, entrepot trade, purchasing foreign equipment for Soviet enterprises that does not require hard currency and buying or selling stocks.

The company is independent of any government department. It was jointly established by the State Bank, the Bank for Foreign Economy, the Ministry of Foreign Economic Relations and the Finance Ministry to help export organizations expand foreign trade activities, the newspaper reported.

Northeast Asia

Zhou Peiyuan Hears Japan Youth Symphony

OW1008225388 Beijing XINHUA in English

1528 GMT 10 Aug 88

[Text] Beijing, August 10 (XINHUA)—The Japanese Youth Symphony Orchestra played Gioachino Antonio Rossini and Ludwig Van Beethoven's works at the Beijing Concert Hall here tonight.

Zhou Peiyuan, vice-chairman of the Standing Committee of the Chinese People's Political Consultative Conference, attended the concert.

Friendship Monument Restored in Japan

OW1008155388 Beijing XINHUA in English

1153 GMT 10 Aug 88

[Text] Tokyo, August 10 (XINHUA)—A Japan-China friendship monument in Nagoya in central Japan that was vandalized by Japan's rightists in May has been repaired and is open to the public today, the KYODO NEWS SERVICE reported.

The monument in Nagoya's Hisaya Odori Park, a gift given by the city of Nanjing, China, in 1980, was chipped by Japan's rightists on May 13.

In July last year, the monument was painted red by a rightist, who was arrested last September and sentenced to an eight-month prison term.

Nagasaki Marks 43d Anniversary of Bombing

OW1008134988 Beijing XINHUA in English

1125 GMT 9 Aug 88

[Text] Nagasaki, Japan, August 9 (XINHUA)—Nagasaki today marked the 43rd anniversary of its atomic bombing amid concern over the abasement of the Government's non-nuclear policy.

"Twenty years have elapsed since the adoption of the three-fold non-nuclear principle as Government policy in Japan. Its reduction to mere form can no longer be tolerated," Hitoshi Motoshima, mayor of Nagasaki, said at an annual peace memorial ceremony attended by some 25,000 people, including about 400 delegates from 38 countries.

"The Government must show its determination to observe the principle by making certain that nuclear weapons are not carried into Japanese ports on American ships," he said in a peace declaration, copies of which are to be sent to all member countries of the United Nations.

This is the first time that Nagasaki, a scenic port city in western Japan with a population of nearly 450,000, officially urged the central Government not to allow warships carrying nuclear arms to enter Japanese ports in line with its three-principle non-nuclear policy, which bans production, possession and entry of nuclear weapons in the country.

The request came after some anti-nuclear activists warned that Japan is now on the verge of becoming a "nuclear-controlled" nation. They cited proposed flights carrying plutonium weapons from France and Britain to Japan for use in nuclear power plants.

"There is a growing danger that the Government's support for nuclear deterrence could lead to Japan possessing nuclear weapons," said Ryo Maeno of the Japan Congress Against Atomic and Hydrogen Bombs in a Gensuikin international meeting earlier this month.

There is a domestic debate over whether the last of the three principles—against the introduction of nuclear weapons to Japanese territory—has been really upheld, especially in the presence of the U.S. Armed Forces in Japan.

"We have been urging the Government to make sure that nuclear arms are not installed in U.S. warships calling at Japanese ports, but the Government has been rejecting the demand," said Senji Yamaguchi, president of the Nagasaki Confederation of A- and H-Bomb Sufferers Organization.

He told XINHUA today that the refusal showed the Government is ignoring the request of the Japanese people, especially those who suffered the A-bombings.

Yamaguchi, 57, was exposed to radiation released by the U.S. bomb when he was 14 years old and has been since suffering keloid.

He also criticized Nagasaki, as a city that experienced the horror of nuclear disaster, for not doing enough to promote peace and the local parliament for having failed to adopt a nuclear-free city declaration.

Unlike Hiroshima, where the skeletal dome of a ruined building has been kept as a reminder of the world's first A-bomb attack, Nagasaki shows no sign of its devastating bombing on August 9, 1945.

Visitors and mourners here spent much of the day today attending ceremonies and rallies, calling for peace and an end to nuclear weapons.

On August 9, 1945, a U.S. Air Force B-29, which dropped later an atomic bomb nicknamed "Fat Man," came here after overcast skies shielded its initial target, Kokura, in the northeast.

In Nagasaki, clouds threw the bomber off course and the bomb fell to the north of the city's center. But the blast, radiation and fires destroyed large areas of the city, reducing it to ashes and killing up to 70,000 people.

Three days earlier, Hiroshima had been destroyed by the world's first nuclear attack. There, as many as 130,000 people were killed. On August 15, Japan surrendered unconditionally and World War II was over.

"People of Japan and people of the world, please listen to the message of Nagasaki," Motoshima said in his speech.

The mayor also urged the United States and the Soviet Union to eliminate nuclear arms deployed at sea in accordance with the treaty on abolishing ground-based intermediate nuclear weapons.

Officials, students, and foreign A-bomb survivors offered flowers to the victims.

More than 70,000 people in this city still suffer from radiation and other effects of the blast, local government officials said.

Doctors have confirmed a strong link between radiation exposure and increased risk of breast, stomach and skin cancer, they added.

Prime Minister Noboru Takeshita, in a speech read by his representative, Chief Cabinet Secretary Keizo Obuchi, pledged his government will stick to its non-nuclear policy and work out more relief measures for the survivors.

Takeshita cancelled his plan to attend the two ceremonies separately held here and in Hiroshima because he was busily engaged in the current Diet (parliament) business.

Japan's Takeshita To Send Uno to Iran, Iraq
OW1008112088 Beijing XINHUA in English
1555 GMT 9 Aug 88

[Text] Tokyo, August 9 (XINHUA)—Prime Minister Noboru Takeshita told parliament today that he will send Foreign Minister Sosuke Uno to Iran and Iraq to discuss Japanese aid in their reconstruction after the Gulf war ends.

Takeshita stopped short of saying when he will send Uno, saying the foreign minister would go at the "proper" time.

It was reported that Uno is likely to fly to the two warring states after a cease-fire is in place.

Takeshita termed it "a matter of fact" to provide economic aid to the two countries' post-war reconstruction efforts.

Meanwhile, Uno said at a press conference here today that Japan is prepared to send civilians to the UN peacekeeping force to help supervise a cease-fire to be reached between Iran and Iraq.

Japan's Ministry of International Trade and Industry also said today Japan is ready to help the two countries reconstruct their war-ravaged economies by extending loans.

Uno Denies 20 Aug Departure
OW1008171488 Beijing XINHUA in English
1443 GMT 10 Aug 88

[Text] Tokyo Aug. 10 (XINHUA)—Japanese Foreign Minister Sosuke Uno today denied a report from Tehran that he will visit Iran on August 20 at the invitation of Iranian Foreign Minister Ali Velayati, the KYODO News Service reported.

Uno said he will be unable to visit Iran at the reported date because he must attend a session of the House of Councillors Budget Committee, KYODO reported.

An Iranian Foreign Ministry spokesman said on Tuesday that Uno will visit Tehran on August 20.

Representatives of the ruling and opposition parties agreed today to start Budget Committee discussions on August 22.

Prime Minister Noboru Takeshita told the Diet (parliament) on Tuesday that he will send Uno to Iran and Iraq at an appropriate time for talks on Japan's economic aid in the two warring states' postwar reconstruction.

Sihanouk Conveys DPRK Message to Japan's Uno
OW1008162088 Beijing XINHUA in English
1200 GMT 10 Aug 88

[Text] Tokyo, August 10 (XINHUA)—Visiting Kambojia's Samdech Norodom Sihanouk has conveyed a message from President of the Democratic People's Republic of Korea (DPRK) Kim Il-song to Japan, calling for better relations between Pyongyang and Tokyo.

Sihanouk, who came here on an eight-day visit Monday, delivered Kim's verbal message to Foreign Minister Sosuke Uno, the local press quoted Ministry officials as saying today.

Uno promised he would convey the message to Prime Minister Noboru Takeshita, the officials added.

Sihanouk met Kim several days before coming to Japan. According to Sihanouk, Kim seriously hopes to develop friendship with Japan.

The DPRK hopes to establish a "Democratic Confederal Republic of Koryo" in which both socialism in the North and capitalism in the South will coexist, Sihanouk quoted Kim as saying.

President Kim Il-song first proposed the establishment of the confederal republic in 1973. Koryo is the name of a Korean Dynasty in the 10th century.

U.S. Aegis Warships To Arrive in Japan
OW1008123788 Beijing XINHUA in English
1510 GMT 9 Aug 88

[Text] Tokyo, August 9 (XINHUA)—The U.S. Aegis frigate Bunker Hill is expected to enter the U.S. naval base in Yokosuka, Kanagawa Prefecture, by the end of this month, the KYODO News Service reported today.

The 9,600-ton Bunker Hill, the same class as the Vincennes, which downed an Iranian airliner in the Gulf last month, is equipped with two vertical launching systems for the Tomahawk cruise missile, KYODO quoted Naval sources as saying.

Another Tomahawk-equipped warship, the 7,810-ton destroyer Fife, will also arrive at Yokosuka. The Fife is equipped with one vertical launching system.

Local activist groups and peace movement organizations are planning to demonstrate against the warships.

Handguns Sent to Panamanian Envoy in Japan
OW1008211188 Beijing XINHUA in English
1211 GMT 10 Aug 88

[Text] Tokyo, August 10 (XINHUA)—Some 20 handguns and 870 cartridges were found in a parcel sent to the ambassador of Panama to Japan at the embassy in Tokyo in early August, the local press reported today.

Embassy officials notified police and handed over to them 20 38-caliber handguns and ammunition found in the parcel, police said.

Since mail sent to an overseas embassy from its home country or sent between embassies is not checked at the customs, police suspected that a weapon-smuggling group was attempting to smuggle handguns into Japan. But they failed to intercept the parcel before it reached the embassy.

There is also the possibility that someone may want to implicate the embassy because of the recent unstable political situation in Panama, police said.

DPRK Agrees to Parliamentary Conference
OW1008195288 Beijing XINHUA in English
0746 GMT 10 Aug 88

[Text] Pyongyang, August 10 (XINHUA)—The Democratic People's Republic of Korea (DPRK) has agreed to a preparatory meeting August 17 at the truce village of Panmunjom for a proposed North-South joint parliamentary conference.

The agreement was expressed in a response Tuesday by Yang Hyong Sop, chairman of the Standing Committee of the Supreme People's Assembly of DPRK, to the National Assembly of South Korea, which on August 1 wrote to the North proposing that the meeting be held in Panmunjom with 15 parliamentarians from each side.

The KOREAN CENTRAL NEWS AGENCY reported that the DPRK agreed in principle to the North-South parliamentary talks and to the preparatory meeting. However, it proposed that each side send only three to five participants to the meeting.

At the meeting the two sides are expected to discuss holding the first session of the joint parliamentary conference in Pyongyang or Seoul on August 26. Procedures, formalities and other relevant topics for the conference will also be considered.

South Korean Students Battle Police Over Ban
OW1108004588 Beijing XINHUA in English
1750 GMT 10 Aug 88

[Text] Beijing, August 10 (XINHUA)—Thousands of South Korean students fought police today across the country to protest the authorities' ban on a meeting with their northern counterparts for reunification talks at the truce village of Panmunjom.

Chanting "March to Panmunjom" and "Yankee Go Home," students armed with firebombs and rocks clashed with police in Seoul and other cities, according to reports.

The South Korean authorities declined to give the number of demonstrations, but local newspapers said protests broke out at about 30 universities, the ASSOCIATED PRESS (AP) reported.

The authorities have deployed 35,000 police to enforce the ban. Some 200 students in Seoul were arrested, the AP report quoted the police as saying.

The protesters planned to start a cross-country march to the truce site to meet students from the Democratic People's Republic of Korea on August 15, Korean independence day.

Besides a call for the two sides to co-host the Olympic Games scheduled to start in Seoul on September 17, the students also demanded the withdrawal of the 42,000 U.S. troops from South Korea.

The students have accused South Korean President No Tae-u of perpetuating the division of the Korean peninsula, and the United States of making South Korea a de facto colony.

Southeast Asia & Pacific

Thailand Seen as Potential Investment Partner

HK1108062388 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
11 Aug 88 p 3

[From South China Morning Post correspondent Alan Boyd in Bangkok]

[Text] China and Thailand, often seen as competitors for the same elusive pool of investment money, are now looking into the potential for more involvement in each other's industries.

Beijing last week sent its second business delegation in three months to Thailand to look at investment openings—and took the opportunity to encourage Thai firms to return the favour.

A similar delegation led by the Thai Commerce Minister, Prachuab Chaiyasarn, went to Beijing in May to look at trade and investment openings.

Thailand has been reluctant to push investment in China because it believes the Chinese have now developed beyond the point where they can be helped by Thai firms.

It sees China's main requirements as being high-technology and technical input rather than the cheaper consumer goods that form the bulk of Thai products.

However, the Chinese believe Thai companies can still make a valuable contribution to the construction, food-processing and export-based industries.

The 40-member delegation from the Beijing municipal government held discussions with Thai businessmen after a similar visit to Singapore that they said had opened up the possibility of using the island republic as a springboard to Indonesia and Malaysia.

But delegation leader Huang Chengxiang said China regarded Thailand as the most favourable South-East Asian country for investment.

Asked why China was widening its own investment net, Mr Huang said the central government was convinced the tourism boom, which had provided a key source of foreign exchange, was now on the decline.

The delegation regarded the mining and construction industries as holding the biggest potential for Chinese investment in Thailand. A number of medium-scale joint venture agreements have already been signed.

So far, Thailand has been the major beneficiary, with 143 million baht (about HK\$44.33 million) worth of Chinese investment last year, up from 40 million baht in 1986.

But the sudden interest by Thai firms has been reflected in a big leap in investment in China from a mere 9.1 million baht in 1986 to 123 million baht last year.

Thailand To Pursue 'Flexible' Foreign Policy

OW1008132688 Beijing XINHUA in English
0720 GMT 10 Aug 88

[Text] Bangkok, August 10 (XINHUA)—Under the new government, Thailand's foreign policy regarding the major powers and neighbouring countries will be balanced and more flexible, based on mutual interests.

The remark was made by Thai Foreign Minister Sitthi Sawetsila yesterday when he entered his ninth year of service as foreign minister following the announcement of the new cabinet headed by Prime Minister Chatchai Chunhawan, local press reported today.

Sitthi said that the overall foreign policy of Thailand will remain unchanged, but some adjustments are forthcoming due to the fluid international environment.

There will be changes in both political and economic policies toward neighbouring countries in order to enhance understanding and ensure peace and security in the region, he said.

However, he pointed out that the Kampuchean problem must be resolved before Thailand can have an open and free trade with Indochinese countries. "All regional conflicts will be resolved if the Kampuchean problem is settled," he said.

Once the Kampuchean conflict is settled, Sitthi said, the battlefield of Indochina will become a trade zone. "We have to adjust our policy toward Indochina in an incremental manner," he added.

The foreign minister said that Thailand will continue to expand relations with all countries regardless of their different economic, political and social systems.

With the Soviet Union, he said, the Foreign Ministry will pursue balance of interests policy. He noted that trade with the Soviet Union is too small and should be expanded.

Special attention will be given to Japan, Sitthi said, adding that Thailand will become the first country of the Association of Southeast Asian Nations (ASEAN) to exploit the Japanese markets.

Machinery Company To Invest in Australia
*HK1108051288 Beijing CHINA DAILY
in English 11 Aug 88 p 2*

[By staff reporter Yuan Zhou]

[Text] A major Chinese machinery maker has joined the country's overseas industrial expansion by agreeing to invest in a joint venture in Australia.

The Beijing-based Shougang Machinery Engineering Corporation yesterday signed an agreement with the Melbourne-based Just Shanghai Ltd to set up a joint venture which will market and sell Shougang's metallurgical and mining machinery products in Australia.

The venture, named Just Shougang (Australia) Pty Ltd, will have an initial registered capital of 20,000 Australia dollars, to which Shougang contributes 60 percent, the Melbourne firm the remaining 40 percent.

The new venture will market Shougang's metallurgical and mining machinery and equipment in Australia and, if possible, in New Zealand, Papua New Guinea, Indonesia, Malaysia, Thailand and the Philippines.

It will also market and sell other mining products such as explosives and detonators, according to the agreement signed by Shougang's executive president and Australian chief executive.

The Shougang Corporation, part of the gigantic Capital Iron and Steel Works, has 21 factories which employ more than 60,000 people in the production of heavy metallurgical and mining equipment.

According to officials at the Ministry of Foreign Economic Relations and Trade (MOFERT), from 1979 to the end of the first half of this year, China had invested \$680 million overseas to create 458 businesses.

The Chinese invested businesses are worth \$1.84 billion, of which China has a share of 37 percent.

Some of the enterprises, located in 67 countries, are joint ventures and some fully Chinese-owned. They are concentrated in industrial sectors such as aluminium, rubber, textiles, logging fishing and mining.

Rangoon Situation 'Calm But Not Normal'
*OW1008172088 Beijing XINHUA Domestic Service
in Chinese 1420 GMT 10 Aug 88*

[Text] Rangoon, 10 Aug (XINHUA)—Ignoring the relevant prohibitions announced by the authorities, students, citizens, workers, and monks held massive anti-government demonstrations to demand democracy on 9 August in 29 Burmese cities and towns, including Rangoon, the capital city, as well as Mandalay, Sagaing, Taunggyi, and Pegu. Security units used force to control the situation, killing dozens of people.

According to a report by Burma's official paper today, following the 8 August demonstrations, tens of thousands of people in Rangoon City continued to hold massive protest demonstrations yesterday. Five demonstrators were killed and 55 others injured when clashes occurred with the security forces.

In Sagaing, a town in central Burma, some 5,000 people besieged a local police station and clashed with the security forces yesterday. Thirty-one demonstrators were killed, and 37 others injured.

The official paper's report says that in Rangoon, 1,451 people have been held in custody since martial law was imposed on 3 August.

On 9 August, the authorities again issued an order to ban mass gatherings, speeches, marches, demonstrations, and the creation of disturbances in Rangoon. The order also announced that a curfew is in effect from 2000 to 0400 the next morning. In the meantime, the Burmese Ministry of Education announced that all universities, middle and primary schools, and teacher-training colleges are closed.

According to another report, the Burmese Ministry of Planning and Finance announced on 9 August that the additional allowance for state employees, factory workers, service members, and pensioners will be raised from 30 to 45 kyats (approximately 6 kyats equals \$1.00) beginning this month.

This morning the situation in Rangoon appeared calm but not normal, with most shops in the downtown area closed.

More Casualties Reported
*OW1008182688 Beijing XINHUA in English
1740 GMT 10 Aug 88*

[Text] Rangoon, August 10 (XINHUA)—Thirty-three persons were shot dead by the security army and 59 persons injured during disturbances in Rangoon today, according to a state radio report tonight.

The radio said these persons damaged state property and burned police stations.

They also killed three policemen and one armyman, the report added.

According to the official report, during disturbances occurred in front of Rangoon hospital, three nurses were shot wounded by the security army.

113 persons were detained today in Rangoon, the report said.

Intermittently shots were heard in Rangoon. Some people here estimated that the number of the dead is over the official figure.

Disturbances also took place in Mandalay, Prome and Moulmein, according to the report.

Tens of thousands of people, including young students, workers and monks, held a large-scale peaceful demonstration in Rangoon on August 8.

The security army did not bar the way of the demonstrators. However, that night, the demonstrators were requested to disperse. As they did not disperse, the security army opened fire to disperse them at about midnight.

On August 9, some people continued to hold demonstrations, and the security army also opened fire to disperse them.

Thailand Expects Refugee Influx

OW1108080888 Beijing XINHUA in English
0707 GMT 11 Aug 88

[Text] Bangkok, August 11 (XINHUA)—Authorities in northern Thailand are preparing for an influx of refugees from Burma amid continued unrest in that country, reported the "BANGKOK POST" today.

Police source in Chiang Rai Province was quoted as saying that local officials expected a large number of refugees to flee the Burmese town of Tachilek and had arranged to put them up on a plot in Mae Sai District of the province.

District police will screen refugees at the Mae Sai border checkpoint and other crossing points and Thai defense volunteers have been assigned to guard the areas.

Meanwhile, Sombun Prommet, governor of Tak Province, said on August 9 that the unrest in Burma is crippling border trade in Mae Sot District of the province. But trade would pick up once the problems end, he added.

Philippines Urges Japan To 'Improve' Aid Program *OW1008233588 Beijing XINHUA in English* 1503 GMT 10 Aug 88

[Text] Manila, August 10 (XINHUA)—The Philippine Government today called on Japan for negotiations between the two countries to improve the quality of its assistance to the Philippines and to maximize the benefits Manila can obtain from such assistance.

The National Economic And Development Authority (NEDA) made the call in its regular board meeting chaired by President Corazon Aquino today at the presidential palace.

At a briefing after the meeting, NEDA Deputy Director Filologo Pante said that among the areas where the Philippine Government would try to seek improvements are an increase in the ratio of grants to loans and a reduction in the interest rate which at present is three percent.

The Philippine Government expressed the hope that the ratio of grants to loans will increase from the present 15 percent grants and 85 percent loans to at least 50-50.

Japan is the biggest donor to the Philippines in terms of magnitude of aid, having committed a total of 2.4 billion U.S. dollars from 1980 to 1987 in loans and grants.

There are two types of assistance that the Japanese Government is extending to the Philippines. One is in the form of loan under the Japanese Overseas Economic Cooperation Fund, the other is the technical cooperation wherein the Philippines sends its people to Japan for training or Japan sends consultants or experts to assist agencies or to prepare feasibility studies in the Philippines.

Pante said Japanese assistance to the Philippines has been more of the hardware type, including equipments, buildings and supplies, and less of the soft type which is human resource development.

He noted that the Japanese Government would like to provide more assistance for human resource development type projects. They also indicated support for the comprehensive agrarian reform program, Pante said.

Near East & South Asia

Henan To Hold First Technology Fair in Nepal

OW1108053588 Beijing XINHUA in English
1438 GMT 10 Aug 88

[Text] Zhengzhou, August 10 (XINHUA)—Central China's Henan Province will hold an industrial technology and commodities fair in Kathmandu, capital of Nepal, this fall.

It is the first Chinese fair ever to be held in the country, which borders on Tibet.

About 60 enterprises, including the Luoyang tractor plant, China's largest tractor producer, will take part in the fair that runs between October 2 to 12.

More than 1,000 products will be on display. They include tractors, road rollers, articles of daily use, plastic products, building materials, and carpentry tools.

The province has had economic relations with Nepal for many years.

The provincial water conservancy engineering team has spent 10 years in the country working on engineering projects and earning a good reputation among Nepalese.

More on Reaction to Gulf War Truce Agreement

Iranians Seen as 'Cautious'

OW1008064688 Beijing XINHUA in English
0530 GMT 10 AUG 88

[By Zhao Yi]

[Text] Tehran, August 9 (XINHUA)—Tehran citizens looked quiet but seemed happy in heart today upon the announcement of cease-fire day between Iran and Iraq by UN Secretary General Perez de Cuellar.

The Iranian people, who have suffered a great deal in the eight-year-old war, have at last seen the long-expected peace drawing very near, although no celebrations, no demonstrations were seen in the capital.

However, the rank and file of people in Iran are cautious, worrying about whether the cease-fire could really bring a lasting peace, while the leaders of the country have called on the countrymen to remain vigilant and be ready to beat back any Iraqi attacks during the peace negotiations.

Iranian businessmen were apparently sensitive to the announcement of cease-fire. Hours after the UN chief's announcement of August 20 as the cease-fire day, there was a glaring change in the exchange rate of the U.S. dollar to the Iranian currency of rials on the Tehran black market.

On Tuesday morning, the exchange rate dropped sharply with one dollar to about 500 rials, the lowest in the past year.

During the Iraqi missile attacks against Iranian capital and other cities in March and April this year, the highest exchange rate stood at one dollar for 1,500 rials, over 20 times more than the official exchange rate.

It seems unlikely at present for the Iranians to get rid of war shadow unless the coming peace talks in Geneva between Iran and Iraq make real progress and the cease-fire will last long.

A Tehran citizen said, "I sincerely hope there would be no more fighting between Iraq and Iran after the cease-fire, but it seems difficult."

Pakistani Leader Welcomes Move

OW1008130888 Beijing XINHUA in English
0702 GMT 10 Aug 88

[Text] Islamabad, August 10 (XINHUA)—Pakistan President Mohammad Ziaul Haq has expressed his unbounded happiness over the announcement of United Nations Secretary General Javier Perez de Cuellar of the date of cease-fire of Iraq-Iran conflict on August 20.

In his statement issued here on Tuesday, the president said that "I have learnt with unbounded happiness the announcement of the UN secretary general about the cease-fire in the eight-year-old Iran-Iraq war".

At a historic session of the UN Security Council on August 8, Perez de Cuellar announced the dates of both the cease-fire and direct peace talks between the two countries.

Ziaul said that this is a development of historic proportions that cannot but gladden the hearts of peace-loving peoples everywhere in the world.

This occurrence is the culmination of the untiring efforts made by the international community to extinguish a conflagration that has witnessed enormous loss of precious human lives apart from the colossal physical destruction and desolation it has wrought, the president said.

'Commentary' on Peace Process

HK1108071688 Beijing RENMIN RIBAO
in Chinese 10 Aug 88 p 6

["Commentary" by RENMIN RIBAO reporter Liu Kai-chen (0491 7030 1368): "An Important Start in Iran-Iraq Peace Process"]

[Text] The United States, 8 Aug (RENMIN RIBAO)—After 2 weeks of diplomatic negotiations, UN Secretary General Javier Perez de Cuellar finally announced this afternoon that a cease-fire between Iran and Iraq would be implemented at 1500 (GMT) on 20 August. The secretary general's announcement enlivened the atmosphere in the UN building. According to reporters with long experience in covering UN activities, such a lively situation has rarely been seen in the past. The cease-fire will be an important start in the Iran-Iraq peace process and will play an important role in the peace and stability of the Gulf region. Along the approximately 1,000-km Iran-Iraq border, where gunfire has shaken the sky and the smoke of gunpowder filled the air for 8 years, the fire will die out, the smoke will disperse, and the blue sky will reappear in the coming days. This is an important turning point in the transition by Iran and Iraq from war to peace.

Since breaking out in 1980, and through several large-scale seesaw battles, the war has basically become deadlocked. The process of the war shows that military means cannot solve conflicts and contradictions between Iran and Iraq. According to the latest estimates, during the 8 years of war both sides have lost 1 million lives, had 1.5 million people injured, and suffered \$900 billion or more in economic losses. Covered with cuts and bruises, the two countries have overspent; their peoples have grown weary of war; and their governments are also ready to stop fighting and make peace. During the last 3 weeks or so, representatives of the two countries have held indirect talks through the UN secretary general, and the two countries adopted a cooperative attitude toward the technical teams sent by the United Nations to draw up the detailed rules and regulations for a cease-fire. This indicates that the Iranian and Iraqi Governments are really willing to stop the war that has lasted for 8 years.

The efforts of all sides concerned to mediate the war, including the secretary general, have played an extremely important role in promoting the cease-fire between Iran and Iraq. During the current indirect talks, although both sides had the desire to settle issues peacefully, the negotiations reached an impasse. At the negotiating table they stuck to their positions, with neither side ready to yield; moreover, their positions were far apart. After making contact with the various sides concerned and after painstaking efforts to mediate and take the positions of both sides into account, the secretary general put forward a compromise proposal: Iran and Iraq would hold direct negotiations soon after the cease-fire was implemented. Both sides gave their endorsements to the proposal and a specific cease-fire date was eventually defined. Hence, there has emerged a bright prospect of peace in the Iran-Iraq war. Security Council member nations firmly supported the secretary general's mediation efforts. Approving the cease-fire date put forward by the secretary general, the five Security Council permanent members guaranteed that following the cease-fire, Iran would implement Resolution 598 on solving the conflict between Iran and Iraq in an overall manner, prompting Iran and Iraq to reach an agreement. Many countries, such as Saudi Arabia, Kuwait, and Egypt, have persuaded Iran and Iraq—the latter country in particular—to make peace, thus helping to bring about a compromise between Iran and Iraq.

Iran and Iraq will begin to hold direct negotiations in Geneva on 25 August to discuss the issue of implementing Resolution 598 and thus enter a stage of settling their conflict in a comprehensive, fair, and honorable manner. The negotiations may possibly be an arduous and tortuous process, because both sides have long been enemies and their conflicts are complicated; moreover, the divergence in their views may widen during negotiations. However, people here hope that both sides will reach an early acceptable solution through consultation, mutual understanding, and mutual accommodation so that peace will prevail soon in Iran and Iraq and also the region.

Cargo Insurance Rates Decline in Gulf Region

OW1008130488 Beijing XINHUA in English
0658 GMT 10 Aug 88

[Text] London, August 9 (XINHUA)—War risks rates for cargoes in the Gulf are being reduced by about one-third on the average, reflecting the changing situation there, a spokesman for Lloyd's of London told XINHUA today.

David Larner, chief press officer of the world's largest insurance underwriters, said the most dramatic reductions in the rates from 0.375 percent of the cargo value to 0.25 percent are in the southern part of the Gulf.

According to the war risk rating committee which sets mandatory minimum rates for cargo insurance at Lloyd's and for members of the Institute of London Underwriters, the rate cuts go into effect today.

The London-based committee has agreed that on or after August 9, premiums on cargoes are being lowered, varying from port to port, with rates for some ports of call unchanged.

In an interview with XINHUA, Matthew Marshall, an expert at the Institute of London Underwriters, said underwriters are proceeding according to the "actual situation in the Gulf," not just in response to Monday's UN announcement by UN Secretary General Javier Perez de Cuellar of a Iran-Iraq cease-fire scheduled for August 20.

Another London underwriter also told XINHUA that they don't see the situation in the Gulf just according to a political announcement, but rather to the reduction of attacks in the area over the past three weeks.

According to one report, the cease-fire statement does stimulate underwriters in London to cut war risk premiums on the hulls of ships trading in the Gulf by around 25 percent.

There is no single body to set minimum rate levels for hull insurance, a rate which is based on the cost of replacing a vessel and war risk rates are normally a percentage of this.

U.S. Diplomat Holds High-Level Talks in Cairo

Confers With Egypt's Deputy Premier

OW1008065288 Beijing XINHUA in English
2348 GMT 9 Aug 88

[Text] Cairo, August 9 (XINHUA)—Egyptian Deputy Premier and Foreign Minister 'Ismat 'Abd al-Majid conferred here this evening with visiting U.S. Assistant Secretary of State for Near East and South Asian Affairs Richard Murphy on the latest situation in the Middle East region.

According to the MIDDLE EAST NEWS AGENCY, their talks dealt with the ways of settling the Palestine issue especially after Jordan's decision of severing its legal and administrative ties with the occupied West Bank.

President Husni Mubarak will meet Murphy tomorrow.

Upon his arrival this afternoon from Jordan, Murphy told reporters that he would brief Egyptian President Mubarak on the outcome of his current visit to Lebanon, Syria, Israel and Jordan.

Meets With Mubarak

OW1008163488 Beijing XINHUA in English
1042 GMT 10 Aug 88

[Text] Cairo, August 10 (XINHUA)—President Husni Mubarak of Egypt met with visiting U.S. Assistant Secretary of State for Near East and South Asian Affairs Richard Murphy here this morning and discussed with him the latest developments in the Middle East and the Palestinian issue.

No further details of their talks were disclosed by Egypt's MIDDLE EAST NEWS AGENCY.

However, Murphy told reporters after his meeting with Egypt's Deputy Prime Minister and Foreign Minister 'Isamat 'Abd al-Majid here yesterday that he would not meet with Palestinians in Cairo although the American Administration would continue its dialogue with the Palestinians of the occupied territories.

According to earlier press reports, the Egyptian Government had tried to arrange a meeting between Murphy and a six-member Palestinian delegation including two men with close relation with the Palestine Liberation Organization (PLO).

One member of the proposed Palestinian delegation told reporters that they have prepared a proposed agenda to be discussed with some American officials. Although the delegation is not officially representing the PLO, it would highlight the PLO's viewpoints. The delegation includes two Palestinian professors of American universities, one editor-in-chief of Arab language newspaper in the West Bank and chairman of the lawyers' association in Gaza.

Talks Seen as 'Positive'

OW1108013788 Beijing XINHUA in English
2353 GMT 10 Aug 88

[Text] Cairo, August 10 (XINHUA)—Egyptian Minister of State for Foreign Affairs Butrus Ghali said today's talks between Egyptian President Husni Mubarak and visiting U.S. Assistant Secretary of State for Near East and South Asian Affairs Richard Murphy were most positive and Egypt supports the continuation of the U.S. move for peace.

According to the MIDDLE EAST NEWS AGENCY (MENA), Ghali confirmed that Egypt will continue to make contacts with all the parties concerned, especially the Palestine Liberation Organization (PLO), in order to push forward the peace process.

Egypt thinks it is important that the PLO and the Jordanian Government continue to coordinate with each other in the coming period.

Murphy arrived here Tuesday after visiting Lebanon, Syria, Israel, and Jordan.

South Asian Regional Cooperation Group To Meet

OW1008203788 Beijing XINHUA in English
0753 GMT 10 Aug 88

[Text] Dhaka, August 10 (XINHUA)—Bangladesh Foreign Minister Humayun Rashid Chowdhury has said that the coming meeting of the SAARC foreign ministers at the capital of Nepal would be another step forward towards the regional cooperation.

SAARC, or the South Asian Association for Regional Cooperation, groups Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. It was founded in December 1985.

Chowdhury, who is leaving today for Kathmandu, the Nepalese capital, told reporters here yesterday that the foreign ministers will discuss at the two-day meeting beginning August 11 the next SAARC summit in Colombo, capital of Sri Lanka.

He said the meeting will also review the progress achieved so far and discuss new steps to further strengthen the ongoing cooperation of SAARC countries in different fields.

Besides, he said, the meeting will discuss ways to combat terrorism along the international borders in this region.

Afghanistan's Entry Disputed

OW1108004788 Beijing XINHUA in English
1743 GMT 10 Aug 88

[Text] Kathmandu, August 10 (XINHUA)—Foreign ministers from six member countries of the South Asian Association for Regional Cooperation (SAARC) arrived here today for the fifth session of the SAARC Council of Ministers which opens tomorrow.

Talking to newsmen at the airport, Pakistani Foreign Minister Sahabzada Yaqub Khan said, "we are obviously opposed to Afghanistan's entry to SAARC."

He said he will meet his Indian counterpart Narasimha Rao and discuss with him bilateral problems.

Sri Lankan Foreign Minister Abdul C.S. Hameed said, "It is likely that the venue and time (of the fourth SAARC summit) may be changed."

"The decision on this matter will be taken by the SAARC foreign ministers who will be meeting in Kathmandu in August 11-12."

Sub-Saharan Africa

Qin Jiwei Hosts Mozambican Defense Minister

OW1108072188 Beijing XINHUA in English
1329 GMT 10 Aug 88

[Text] Beijing, August 10 (XINHUA)—Qin Jiwei, state councillor and minister of National Defense, gave a dinner in honor of a Mozambican military delegation, led by Senior General Alberto Joaquim Chipande, minister of Defense, here this evening.

The Mozambican visitors arrived here this morning for a friendly visit to China.

Prior to the dinner, Chipande, accompanied by Qin, reviewed a guard of honor made up of men of the three services of the Chinese People's Liberation Army at a plaza in front of the Military Museum of the Chinese People's Revolution.

Zimbabwe Derides U.S. Aid to Angolan Militants

OW1108013588 Beijing XINHUA in English
2359 GMT 10 Aug 88

[Text] Harare, August 10 (XINHUA)—Zimbabwean President Robert Mugabe [title as received] today described the U.S. support for the Angolan antigovernment forces of UNITA [National Union for the Total Independence of Angola] as "stupid" and said it was the time for the Reagan administration to establish better relations with the Angolan Government.

Addressing a press conference at the State House here, President Mugabe said the stand of the United States on the National Union for the Total Independence of Angola (UNITA) was "senseless", and urged Washington to ensure that the present peace process in southern Africa succeed.

Mr. Mugabe pointed out that South Africa had agreed to sign a ceasefire agreement with Angola because it had been under pressure from all sides.

"It is worried about the possible changes in the U.S. Administration and its military capability to sustain a war in Angola and Namibia," Mr. Mugabe said.

The South African regime is also facing the sagging morale of its troops, he added.

West Europe

UK, Singapore Begin Shanghai Joint Venture

OW1108015788 Beijing XINHUA in English
1406 GMT 10 Aug 88

[Text] Beijing, August 10 (XINHUA)—Four firms from China, Britain, and Singapore are partners in a digital telephone equipment joint venture launched in Shanghai today.

The 15-year contract, calling for a registered capital of 4 million U.S. dollars, was signed by Citic Technology Inc., Factory 520 under the Chinese Ministry of Post and Telecommunications, GEC-Plessey Telecommunication (GPT) WTD of Britain, and Lityan Development Private Ltd of Singapore.

Under the contract, GPT will transfer the design, manufacturing, and maintenance technology of the ISDX digital-stored program control systems. It will also train Chinese engineers to produce the system independently.

The venture plans to produce 800,000 lines a year for sale on both domestic and international markets.

The Chinese and British sides had agreed to establish a service center for the ISDX digital systems here during the visit of Britain's Queen Elizabeth to China in 1986.

The joint venture will play a significant role in improving and developing Chinese telecommunications facilities.

UK's Thatcher Returns Home After Gulf Tour

OW1008154288 Beijing XINHUA in English
1133 GMT 10 Aug 88

[Text] London, August 10 (XINHUA)—British Prime Minister Margaret Thatcher was back at work in London today after a surprise visit to the Gulf war zone on her way home from a 12-day tour of seven countries.

The prime minister flew home last night following her visit on board the Royal Navy destroyer "Manchester", one of six British warships patrolling the Gulf to protect merchant shipping from attack.

Mrs Thatcher's trip to the Gulf had not been announced for security reasons.

She has made clear that the Royal Navy would remain in the Gulf until it is certain that there are no further threats to British shipping.

Iranian Diplomat in London on Hostage Issue

OW1108063988 Beijing XINHUA in English
0531 GMT 11 Aug 88

[Text] London, August 10 (XINHUA)—A top-ranking Iranian official flew to Britain this evening for talks with the Archbishop of Canterbury on the fate of British hostages in Lebanon.

The arrival of Reza Seyyed Mohammadi, a senior official at Iran's Foreign Ministry, has boosted hopes that Western hostages held in Lebanon might soon be released.

There are three Britons now being held in Lebanon as hostages: journalist John McCarthy, Brian Keenan, a teacher, and Terry Waite, special envoy of the Archbishop of Canterbury who disappeared in January last year.

The visit by the Iranian diplomat is unofficial and the talks with the Archbishop, Robert Runcie, have been arranged directly between the British church and the Iranian Government.

Diplomatic sources here said the British Government will have no direct involvement in the talks in London, although officials would keep an eye on developments.

The Iranian diplomat flew from Switzerland. The British Embassy in Geneva granted him a special visa for his mission.

The visit is seen as another step of steady improvement in relations between Britain and Iran. A British parliamentary delegation visited Tehran in June.

The British Foreign Office announced on Monday that it will soon send a diplomat to Tehran to examine the possibility of restoring full diplomatic relations.

It will be the first time that Britain has sent a diplomat to Iran since the two countries severed their relations a year ago.

East Europe

Li Ximing Hosts Bulgarian Party Visitors
OW1008172988 Beijing XINHUA in English
1004 GMT 10 Aug 88

[Text] Beijing, August 10 (XINHUA)—Li Ximing, member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met and gave a banquet for Grisha Filipov, member of the Political Bureau of the Bulgarian Communist Party Central Committee, and his party here this evening.

Zhu Liang, head of the International Liaison Department of the CPC Central Committee, was present at the meeting and the banquet.

The Bulgarian visitors arrived here August 5 and toured Dalian, a seaside city in northeast China the following day. They are scheduled to leave here for home August 14.

CSSR, Bulgaria, Albania Welcome Gulf Truce
OW1108073888 Beijing XINHUA in English
0536 GMT 11 Aug 88

[Text] Beijing, August 11 (XINHUA)—Czechoslovakia, Bulgaria, and Albania have praised the Iran-Iraq decision on a ceasefire and beginning direct talks, according to reports reaching here today.

On Wednesday, the Czechoslovak Foreign Ministry issued a statement in favor of the ceasefire decision and welcoming the decision on direct talks.

The statement said that reaching the decision was only a first step towards restoring durable peace and justice between the two countries and Czechoslovakia would continue to support all the measures ensuring peace and security in the Gulf area.

In Sofia, the Bulgarian capital, a Foreign Ministry spokesman read an statement on Wednesday warmly congratulating Iran and Iraq on their decision. The statement described the decisions as a concrete step reflecting the new thinking in international relations.

Bulgaria firmly believes that the decisions provide the peoples of both Iran and Iraq with a realistic possibility of restoring lasting peace in the Gulf area.

A commentary broadcast by Radio Tirana on Thursday said the decision was a major step towards ending the conflicts between the two belligerent nations, and has received a positive response from world opinion.

The Albanian people welcome the ceasefire decision and any steps towards ending the 8-year Gulf war, the commentary said.

CSSR Arrests Foreign Currency Speculators
OW1008122688 Beijing XINHUA in English
0604 GMT 10 Aug 88

[Text] Prague, August 10 (XINHUA)—A crackdown on illegal foreign currency transactions and the arrest in June of approximately 200 speculators has been disclosed by Bohumil Carda, chief of staff of the Prague State Security Bureau.

In an interview with XINHUA, Carda also noted the recovery of as much as one million koruna (100,000 U.S. dollars), 20,000 West German marks (10,000 U.S. dollars) and ten thousand U.S. dollars.

Over the past several months, speculation in foreign currencies has become rampant in Czechoslovakia to the detriment of the state interest.

Black markets sprung up in the capital and other major cities, and according to recent official reports, these "unlawful activities" intensified until late May when special police forces were organized to suppress them in Prague and the central Czech region.

According to Carda, the speculators captured in the large-scale crackdown in June include workers from the Prague Housing Company, dustmen, boiler operators and jobless persons. They face maximum 15-year terms if convicted of currency speculation.

CPC Expelled 20,000 Members in 1987

OW1108130788 Beijing XINHUA in English
1225 GMT 11 Aug 88

[Text] Beijing, August 11 (XINHUA)—A total of 109,000 members of the Communist Party of China (CPC) were either expelled or asked to quit last year, a senior party official said here today.

Of the 20,000 who were expelled about 30 were high-ranking officials above prefectural levels.

In an exclusive interview with XINHUA, the official of the Organization Department of the CPC Central Committee said that some corrupt cadres have been punished according to laws.

Observers here believed that the number of removals, the largest in recent years, shows the CPC is sincere about enforcing discipline and reinforces what party General Secretary Zhao Ziyang said earlier this year that cadres who abuse their powers to extort money, graft, embezzle and betray the nation's interests, must be mercilessly drummed out of the party.

The CPC official said that from 1983 to 1987 about 150,000 members were expelled for corrupt practices. Another 500,000 received disciplinary penalties for violating party discipline.

Most of those expelled were involved in smuggling, bribery, embezzlement or violations concerning foreign affairs or foreign nationals, the official said.

Some serious corruption cases have brought strong condemnation both inside and outside the party, he said.

The CPC Central Discipline Inspection Commission has recently issued tough new rules on behavior of party members.

They include "Regulations on Case Examination Work of the Chinese Communist Party Discipline Inspection Departments", "Communist Party Regulation on Disciplinary Action", "Provisional Regulation on Disciplinary Action Against Delinquent Communist Party Member Officials" and the "Provisional Regulation on Disciplinary Action Against Communist Party Members Who Violate Discipline in Activities Concerning Foreign Affairs or Foreign Nationals."

The official said the weeding out of unqualified communists is continuing on a trial basis in 20 of the country's 30 provinces, municipalities and autonomous regions. There may be more expulsions, he said.

Still, the party enjoys high prestige among the Chinese people as proven by the 12 million new members who have joined the Communist Party since 1979.

More than 8 million people applied to join the party last year.

CPC Punishment for Party Discipline Violations

OW1108083088 Beijing XINHUA Domestic Service
in Chinese 0650 GMT 9 Aug 88

[Text] Beijing, 9 Aug (XINHUA)—Interim Provisions for Punishing Violations of Party Discipline by CPC Members in Activities Dealing With Foreigners

[Issued by] The Discipline Inspection Commission of the CPC Central Committee

Article 1: These provisions are formulated in accordance with the CPC Constitution and relevant state laws and regulations and in order to safeguard party and state interests and to combat violations of discipline and other decadent practices in party members' activities dealing with foreigners.

Article 2: In activities dealing with foreigners, Communist Party members must observe discipline in an exemplary way. Any serious violation of discipline shall be given disciplinary action by the party.

Article 3: In general, any party member who is given a prison term for violating China's criminal law in activities dealing with foreigners shall be expelled from the party. A party member who usually makes a good showing and who is given a relatively light prison sentence for a crime of negligence may be placed on probation within the party.

Article 4: Any party member who works for the intelligence agency of a foreign country or enemy, sells party or state secrets, betrays or flees the country, joins a reactionary organization hostile to China, or makes statements opposing the four cardinal principles to foreigners, shall be expelled from the party.

Article 5: In activities dealing with foreigners, any party member who undermines party or state dignity and interests or who leaves a very bad impression on foreigners politically shall be relieved from his party post or placed on probation within the party, or be expelled from the party if the case is serious.

Article 6: Any party member who, during his stay abroad, violates laws and regulations, or who is disrespectful of the religion or customs of the host country or region, or who leaves a bad impression to the detriment of Chinese national interests, shall be given a disciplinary warning or a serious disciplinary warning within the party, or be relieved from his party post if the case is serious.

Article 7: Any party member who leaks party or state secrets in activities or communications dealing with foreigners, or who loses secrets or classified documents and thus causes or may cause serious consequences, shall

be given a disciplinary warning or a serious disciplinary warning within the party, or be relieved from his party post. Any party member who leaks top party or state secrets or who loses the most confidential documents and thus causes or may cause especially serious consequences, shall be relieved from his party post or be expelled from the party.

Article 8: Any party member who uses illegitimate means for a trip abroad by himself or for his relatives or friends shall be given a disciplinary warning or a serious disciplinary warning within the party. Any party member who resorts to trickery, forges documents, or abuses his powers and position for a trip abroad by himself or for his relatives or friends to the detriment of state economic or other interests shall be placed on probation within the party or be expelled from the party.

Any party member who disobeys organizational decisions and takes a temporary short trip abroad without approval shall be given a serious disciplinary warning within the party or be relieved from his party post.

Article 9: Any party member who commits dereliction of duty and is chiefly responsible for serious consequences that occur after examining and approving an application for leaving the country shall be given a disciplinary warning or a serious disciplinary warning within the party, or be relieved from his party post if the case is serious.

Article 10: Any party member who is chiefly responsible for the adverse effects or economic losses caused by unauthorized early departure, extension of stay abroad, or change of itinerary by an interim delegation (group) or personnel abroad, shall be given a disciplinary warning or a serious disciplinary warning within the party, or be relieved from his party post if the case is serious.

Article 11: Any party member of an organization stationed abroad or an interim delegation (group) visiting a foreign country or region, who leaves the organization without approval and misbehaves himself, or any party member engaged in foreign affairs, confidential work, or military affairs who establishes contacts with foreign organizations or foreigners without approval shall be given a disciplinary warning or a serious disciplinary warning within the party, or be dealt disciplinary action by the party according to relevant regulations if he is found to have committed other errors during his period of misbehavior abroad and in his exchanges with foreigners or foreign agencies in China.

Article 12: Any party member who is involved with prostitution or drug addiction or trafficking in activities dealing with foreigners shall be expelled from the party.

Any party member who seeks pleasure at obscene places abroad or establishes illicit sexual relations with foreigners shall be relieved from his party post or placed on probation within the party, or be expelled from the party if the case is serious.

Any party member who takes part in gambling shall be relieved from his party post or placed on probation within the party, or be expelled from the party if the case is serious.

Article 13: During a stay in foreign countries or outside the national boundaries, any party member who is caught watching pornographic videotapes or reading pornographic books many times shall be given a warning or a serious warning as punishment. Those who approve or organize such an activity shall be dealt with sternly.

Any party member who brings (or who entrusts other people to bring) pornographic videotapes or books or other pornographic materials into China, or who tries to duplicate and propagate such materials, shall be dismissed from his party post or receive even stronger punishment.

Article 14: In carrying out activities dealing with foreign nationals and firms, any party member who commits the offences of bribery, corruption, theft, speculation and profiteering, smuggling, illegal procurement of large sums of foreign exchange, or embezzlement of foreign exchange; any party member who employs bribery to seek personal gain; and any party member who, in the course of carrying out economic activities dealing with foreign nationals or firms, impairs national interests, shall be dealt with strictly in accordance with the relevant provisions of the "Interim Procedures Governing Disciplinary Action Against Party Members Who Violate Laws and Commit Crimes in the Economic Sphere."

Any party member who refuses to deliver to the state gifts which they have received, in accordance with state provisions, shall be dealt with under a charge of corruption.

Article 15: Any party member who commits more than two offenses listed in the provisions shall be dealt with in one case; i.e., they shall receive punishment equal to the maximum penalty or higher than the maximum penalty.

Any party member who violates discipline not listed in the provisions shall be dealt with on the basis of the provisions and in accordance with the nature, seriousness, and consequences of the mistakes. However, a report on the handling of such a case must be submitted to a higher-level discipline inspection commission for the record in accordance with approved limits of authority.

Article 16: These provisions go into effect on 1 July 1988.

Commentator's Article on Accusations, Punishment
HK0908100188 Beijing RENMIN RIBAO
in Chinese 5 Aug 88 p 1

[Commentator's article: "There Is a Channel To Air Accusations; Those Who Frame Others Are To Be Punished"]

[Text] The Ministry of Supervision announced a telephone line has been activated for lodging complaints, and receiving the masses' reports on illegal behavior of state personnel, and their activities that have violated disciplines.

Zhu Lianchao, deputy secretary of the Standing Committee of the People's Congress of Dalian, and director of the General Office of the People's Congress of Dalian, was expelled from the party, and was discharged from public employment for framing others.

These two pieces of news have made people happy.

Originally, there was no linkage between these two pieces of news. However, there are certain relations between them. These cases have just manifested the stipulations of Article 41 of the Constitution of the PRC: Citizens of the PRC have "the right to pass to relevant state organs complaints and charges against, or exposures of, any state organ or functionary for violation of the law or dereliction of duty; but fabrication or distortion of facts for the purpose of libel or frame-up is prohibited."

Over the years, since the legal system was not perfect, the right of the citizen to lodge complaints has not been protected. It has been a common phenomenon that people do not have a channel to air their accusations. Currently, the installation of the telephone line for lodging complaints, and the establishment of corruption-report centers have developed a channel for the masses of people to exercise the right of lodging complaints, which is granted by the Constitution, and have put state organs and the work of the personnel of state organs under the supervision of the masses.

Some people worry that people may use these channels to frame others. Some people even said that: "In the past, a letter with an eight fen stamp could put you under rectification for half year. Now, a telephone call, which costs only four fen, can put one under rectification for half year." Of course, we cannot say that this type of worry is groundless. It is a crime to frame others. People who make use of reporting to frame others are to shoulder the legal responsibilities of such moves. Zhu Lianchao is an example. However, we should not give up eating because of fear of choking, and should not ignore the reporting right of the masses of citizens, which is granted by the Constitution, because of fear of the emergence of people who may frame others.

The setting up of report centers to receive peoples' reports is a new work. We can believe that government departments at all levels will cautiously carry out this work in accordance with the clearly defined legal procedures.

RENMIN RIBAO on Qing Closed Door Policy
HK1108044188 Beijing RENMIN RIBAO in Chinese
5 Aug 88 p 7

[Article by Dai Yi (2071 6654): "A Missed Opportunity"]

[Text] When reading and studying history, people always like to evaluate it from today's perspective. To be sure, we can never rebuild the past. Nevertheless, from history we can learn how to prepare ourselves for the future. All of man's behavior is based on his understanding of the past and the wisdom he has drawn from his past experience. Looking back at the history of the 18th century, the historical fault that would most impress us today is the Qing Dynasty's closed door policy which separated China from the ever-developing world historical trend and held up social development, thus incurring heavy losses on our country and nation. In his doctoral dissertation "A Door Not Ready To Open," Comrade Zhu Yong has depicted in detail how an increasingly rigid "closed" system took shape in China during its late feudal period when the country was facing the world development trend. He has studied the policies and attitudes adopted by China and foreign countries (mainly Britain) in that process, as well as the contradictions and conflicts between the two sides. The author collected as many firsthand materials as he could and, on this basis, made many analyses and expositions. The light of wisdom is cast on this dark field which very few people have explored so far. This is a really rewarding book to those who are undergoing the transition from a longstanding closed state to a stage of opening up. It would inspire us to make some meaningful review and reflection on the history of the Chinese nation.

Sometimes history may display peculiar and interesting phenomena. Viewed from different angles, the same historical process may present very different or even contrary scenes. The Chinese feudal society was enjoying "prosperity under the reign of Emperors Kangxi, Yongzheng, and Qianlong" of the Qing Dynasty during the 18th century. If this period is compared with the previous periods of China, it must be a golden age in the historical development of the country. However, if we view this "period of prosperity" against the global frame of reference, we will have a completely different impression. At that time, Western countries were undergoing industrial and political revolution, the productive forces were growing drastically in capitalist countries. In the late 18th century, or the late period of Emperor Qianlong's reign in China, a great revolution that shocked the world broke out in France, outstanding figures, such as Adam Smith, Montesquieu, Voltaire, Rousseau, and Kant, rose like dazzling stars shedding their rays on the

cultural and intellectual field. So, if we compared China with the thriving capitalist world in that period, China's achievements would be overshadowed. China lagged behind the West a historical period. It had lost its vitality, like a weak old man.

For a long time people have pondered over the question: Why did China, which had led the world in ancient times, now lag behind others and why did the gap between China and Western countries keep on widening?

As Marx pointed out: The development of the Western capitalism will force all countries and nations to adopt the capitalist civilization system. This is an irreversible and inevitable trend. Every country will sooner or later undergo such a historical switchover, in other words, the operational mechanism of the traditional society will change under the impact of foreign invasion, conventions and equilibrium will be upset, society will enter a stage of dynamic struggle and changes and thus be inspired to strive for independence and self-strengthening. In a certain sense, China's history in the past 2 centuries was a process of historical switchover. As soon as the prosperous period, the reign of Emperor Qianlong ended in the 18th century, the Chinese feudal society began to face all kinds of humiliations and sufferings in the sharp confrontation with foreign capitalism. All struggles, explorations, successes, and failures reflected the difficulties in the process of historical switch over. The old feudal society of China, with a great self-regulatory and self-defending capacity, showed a tremendous inertia in the face of the historical switchover. It was in the early period of encounter with the external world that this society created its own self-isolating mechanism. A rigid closed door policy was pursued, with the aim of countering the tempestuous tide of world civilization which was surging into China. In fact the historical process presented great variability and many choices. Nevertheless the closed door policy deprived people of the opportunity to learn of the outside world. So China missed many chances to make choices and to effect changes. Social development was held up, and the Chinese nation's ability to resist external aggression and to compete with others in the world historical arena was greatly reduced.

In the late Ming Dynasty, in the wake of the arrival of missionaries from the West, China experienced the second tide of massive influx of external culture since the introduction of Buddhism into the country. It kept on retreating in face of the forthcoming world trend in the 18th century and began to pursue a more rigid closed door policy. During the late period of Emperor Kangxi's reign, the issue of protocol gave rise to disputes between the Qing court and the Catholic church. During the early period of Emperor Yongzheng's reign, missionary activities were strictly banned and restrictions were imposed to prevent Chinese businessmen from travelling abroad. Thus in the important moment when history offered a

choice, the links between China and foreign countries were artificially cut off, which diminished the possibility of a gradual historical switchover.

Emperor Qianlong followed the policy laid down by his predecessors and adopted still stricter measures. During the early period of Emperor Qianlong's reign, the restriction on trade between China and foreign countries was relatively loose. But Emperor Qianlong later adopted the more conservative single trade port policy rather than the multiple trade port policy. By further intensifying its closed door policy, the Qing Dynasty could only temporarily stop foreign forces from entering China. China had to open its doors sooner or later, willingly or unwillingly. Another more important function of the closed door policy was that it served as a trammel on the Chinese people. Under such a policy, Chinese were not allowed to contact foreigners, nor to travel abroad freely, nor to reside abroad for a long time. As a consequence, Chinese and the Chinese intelligentsia were ignorant of the development in the West and were not capable of defending the country and taking the challenge in case of foreign invasion. The losses that the closed door policy inflicted upon China were much more serious than the inconvenience it caused to foreign countries. Sir Marcartney's visit to China as an envoy in the 58th year of Emperor Qianlong's reign (1793 A.D.) may be one of the most important incidents that affected the development of history. Comrade Zhu Yong devoted great attention to this incident to represent to the readers that historical scene of diplomatic activities taking place 200 years ago. This visit to China by Marcartney's mission was one of the crucial moments for a historical switchover. But the Qing government again stubbornly refused to play a role in the making of the world's historical trend.

If one considers the domestic and international environment in the 18th century, one will find that the period was an opportune one for China to take the initiative in opening its doors, promoting exchange with the West, and effecting the historical switchover. It was a pity that China missed this opportunity because the force and mechanism in support of reform had not taken shape in the country. The 18th century was the golden period of the Qing government. The arrival of a large number of missionaries and the booming trade between China and foreign countries led to unprecedented prosperity in the history of Sino-foreign intercourse. China and Britain basically maintained peaceful commercial relations between them in the 18th century. To China such relations had more advantages than disadvantages. It would have been advantageous to the development and reform of China if the economic and cultural exchange between China and foreign countries had been sped up and enabled China to expose itself to Western civilization more early and more frequently. No country in the world could launch an expedition to conquer China at that time. To be sure, it is necessary to guard against foreign forces, but there is no need to adopt such a strict closed door policy to keep foreigners at bay. Some requests raised by Marcartney's mission to the Qing

government had to be turned down because they infringed upon China's sovereignty. But many other requests which called for improvement of normal trade were acceptable or would be acceptable if modified through negotiations. However, the Qing government turned down all the requests, it even refused to open talks and ordered the mission to leave the capital without delay. This was by no means a wise decision. At that time, the conflict between China and Britain was not so acute as to compel the two countries to resort to force, and neither side was strong enough to force its own will on the other. Historical experience has shown that it is not possible for two sovereign states, like China and Britain, which were separated from each other by a long distance and unacquainted with each other, to reach any agreement on important political and economic issues overnight. To China the best way to respond to the challenge was to increase contact step by step, enhance mutual understanding, and cultivate a favorable atmosphere for development of relations. In the mid 18th century, it was still possible for China to develop relations with Britain on an equal footing. But by the mid 19th century the opportunity for such a possibility had passed, and China had no choice but to fight a war with Britain and sign unequal treaties with the conqueror—there were no more negotiations on an equal footing.

Reviewing the history of this period, we can see how our country faced the opportunity 200 years ago and how it missed the chance. On the one hand, history had demonstrated its inexorable law. The old country of China displayed its well-established tenacious internal structure at the historical switchover; and people were unwilling to open China's doors to the outside world, being ignorant of external challenges and unprepared for a reform. On the other hand, different figures and forces had exerted their influence on the development of history, especially Emperor Qianlong, who committed some faults in the crucial moment due to lack of insight. Qianlong's policy was a product of the feudal small-peasant economy. But history is after all created by man who is capable of affecting the development of history. Wise leaders should be adept at judging between advantages and disadvantages and should act according to the historical trend. They should extend their sight beyond the immediate interests and see what ordinary people can hardly see. They should see, like hawks soaring in the sky, any rivals who are approaching from beyond the horizon, and they should have the will power to lead their nations in making preparations for responding to any future challenges. To be sure, Emperor Qianlong's domestic policies and administration were successful in some aspects. But his foreign policy was conservative and unsuccessful. He failed to sense the latent crisis in a period of prosperity and was unaware of the immense outside world which was progressing. Instead he continued to be intoxicated with the power of his country and refused to establish normal diplomatic and trade relations with foreign countries, thus blocking the channels for exchange, missing the opportunity to learn from the outside world, procrastinating social development, and

imposing obstacles in China's path to development. This is the main conclusion we have drawn from our studies of the foreign relations of Emperor Qianlong's court.

(This article is an abridged version of the introduction that the same author wrote for "A Door Not Ready To Open")

Circular Calls for Enhancing Auditing Work

OW1108083388 Beijing XINHUA Domestic Service
in Chinese 1123 GMT 5 Aug 88

[Text] Beijing, 5 Aug (XINHUA)—The Auditing Administration recently issued a circular calling for strengthening auditing work in order to help deepen the reform.

The Auditing Administration points out: The auditing organs in various localities, working in accordance with the plans of the Auditing Administration and corresponding-level local governments, have seriously adhered to the instructions of the 13th National CPC Congress and the first session of the Seventh NPC on strengthening auditing work. They have played a positive role in deepening reform and stabilizing the economy this year. However, there are some localities that have not correctly understood and handled the relationship between reform and auditing, and have slackened auditing work. Some of them are doing auditing work without abiding by state financial and economic regulations, on the pretext of daring to make breakthroughs and accommodations. Others indiscriminately declare that all provisions formulated by local governments and department, even the provisions prepared by enterprises, are the basis for auditing work. Still others suggest that the auditing organs should change their function of supervision to service and supervise in the course of service. These thoughts and practices go against the state guidelines on auditing work.

The Auditing Administration calls on all localities to understand the significance of strengthening the present auditing work. To audit revenues and expenditures is a duty of the auditing organs according to the PRC Constitution. At present, the reform in our country has entered a crucial stage. In order to gradually establish a new order of socialist commodity economy and ensure honesty among public servants, it is necessary to strengthen auditing work. The auditing organs and personnel at all levels must know this new situation and their duty, conscientiously do their auditing job, and contribute to deepening the reform and stabilizing the economy. Since the start of reform and opening to the outside world, the party and the state have formulated a series of policies, laws, and regulations. It is precisely for the purpose of protecting the development of the productive forces that we do auditing work in accordance with these policies, laws, and regulations. The development of the productive forces is the basic criterion for assessing our auditing work as well as our other work. Some existing laws and regulations need reform to

become perfect, and their revision should be done in accordance with legal procedures after survey and study. However, they should remain the basis for our auditing work before they are revised, except in some localities or organizations selected by the state for conducting special experiments or practicing special policies. In particular, in order to uphold the government authority and keep order in our economic life, we should not arbitrarily disregard the state laws and regulations that concern the economy as a whole, even if they are somewhat irrational. Some new questions that emerge in the course of reform and are not covered by existing laws and regulations should be handled in a realistic way. Important questions should be reported to the corresponding-level government or the higher-level auditing organ for instruction. In short, we must persistently do auditing work according to law in the course of the reform. This is an indispensable aspect of our legal system.

The Auditing Administration points out: It is necessary to properly concentrate on high priority work. As our auditing tasks are quite arduous at present, the auditing organs at all levels should make overall arrangements and pay attention to high priority work. The stress of the auditing work should be put on enterprises practicing the contracted managerial responsibility system, foreign trade enterprises, and institutional purchases, as the Auditing Administration has planned. In addition, we should organize some personnel to audit state organs with regard to honesty among public servants. First, we should audit the accounts in connection with the construction of office buildings, meeting halls, and guesthouses, and treat the accounts as part of the accounts of self-funded capital construction. Second, in order to help separate government functions from enterprise management, we should audit the companies run by party and government organizations. In practice, we may conduct pre-auditing investigations first, and focus the auditing on organizations that show serious problems.

Wan Li, Hu Qili Visit Zhongwei County, Ningxia
OW1008080388 Beijing Domestic Service
in Mandarin 0930 GMT 8 Aug 88

[Text] Scientists and technicians of the Railways Ministry, the Chinese Academy of Sciences, the Forestry Ministry, and other units have closely cooperated in the desert area at Shapotou in Zhongwei County, Ningxia. By adopting comprehensive techniques of harnessing the desert, they have successfully stopped the burying of the tracks by drifting sand. Recently, their achievement won the national special award for progress in science and technology.

In the past, 50,000 mu of good farmland in this area was damaged by wind-blown sand. After many years' effort, scientists and technicians used wheat grass to put up grass nets and inside each mesh, they grew green plants,

thus forming two green "great walls" to keep off the relentless desert. Thanks to the green "great walls," the Baotou-Lanzhou Railway has been open to traffic in a sea of sand for 30 years.

This achievement was disseminated in Zhongwei County, Ningxia. Tens of thousands of peasants marched to the desert and transformed over 50,000 mu into good farmland. The World Environmental Planning Agency has sponsored 3 seminars here; while experts in harnessing sand from more than 20 countries have come here on inspection tours, praising Chinese scientists and technicians for working wonders. Party and state leaders Wan Li, Hu Qili, and other comrades inspected Zhongwei County one after another. They lauded the devoted spirit of desert workers, who wrote their treatises on the good earth.

Report Outlines Trade Union Reform Plan
HK1108023588 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0837 GMT 9 Aug 88

[Report: "Chinese Trade Union Reform Plan Has Been Worked Out"]

[Text] Beijing, 9 Aug (ZHONGGUO TONGXUN SHE)—The parties concerned in China have worked out a trade union reform plan and submitted the plan to the CPC Central Committee a few days ago for discussion in the policy-making meetings of high-ranking officials.

China's trade unions have nearly 90 million members, and claim to represent 120 million staff and workers in the country. Their representativeness and popularity is always doubted by others. A responsible person of the All-China Federation of Trade Unions spoke frankly: The trade union has actually become a working department or administrative subsidiary organization of the party committees, full of "bureaucratic" atmosphere and tending to be administrative. It has, in varying degrees and even to a large extent, been cut off from the working masses.

This reform plan has been discussed and considered for nearly a year. According to the plan, the goal of the trade union reform is: To re-establish trade unions into workers' organizations which are independent and self-governing, fully democratic and reliable to the workers while adhering to the CPC's guiding principle and party line, and function as sociopolitical organizations which play an important role in the country and in social life.

The most sensitive problem in trade union reform is the relationship between the trade union and the CPC. Following the principle of the 13th National Congress, the CPC should exercise political leadership over trade unions and support them in independently performing their duties in the society in accordance with laws and regulations. As to their relationship with the government, trade unions will become close partners of the

government through democratic participation and social supervision. Any elaboration from the parties concerned regarding this trade union plan should be based on this principle.

As to the reform of the trade unions themselves, the plan is: Trade unions should be under the supervision of their members, and so working plans, important activities and the unions' revenue and expenditure should be open to the members; the existing appointment system in choosing leaders should be modified so that various levels of trade union leaders are elected through democratic elections; the original management system under which personnel management is supervised by the Party committees and assisted by the trade unions should be transformed to a system under which trade unions are responsible for their own personnel management; the scope of trade union activities should no longer be limited to state-run and group enterprises, but rather expanded to include town-and-township-run enterprises, foreign enterprises and private enterprises. Activities should be conducted at the grass-roots level and, generally, not at nationwide or provincial levels.

It is reported that part of the planned reform is being implemented but the effect is not satisfactory, mainly because people used to treat trade unions as working departments of the party committees. The status, jurisdiction, rights and responsibilities of trade unions have to be safeguarded by legislation. Now the relevant authorities are preparing for the amendment of the "Trade Union Law." This amendment has been included in the five-year legislation plan of the National People's Congress.

Foreign Experts To Boost Enterprise Production

HK1108051188 Beijing CHINA DAILY in English
11 Aug 88 p 2

[By staff reporter Xie Songxin]

[Text] China will invite more foreign talents to help enterprises boost production and improve management methods.

This year, 2,200 foreign experts will come to work at Chinese factories and government organizations, Wu Yongxing, director of the board of the China Association for International Exchange of Personnel, told CHINA DAILY yesterday.

Some of the foreigners will be directors of Chinese factories, while most will help China improve technology, product quality, management and export production.

"What we urgently need at present are management experts to help improve efficiency at Chinese State-owned factories," Wu said.

The imports of foreign human resources is a new signal that China will open its door wider to the world and become more involved in the world market with a way of doing business more acceptable to foreigners.

Chinese enterprises, some of which have been running for decades with outdated equipment, technology and management, need the injection of fresh blood—modern management—to help them overcome the present difficulties: low efficiency, high production costs and poor product quality.

"Chinese factories lag far behind the Western businesses in management as well as technology," Wu said.

Inviting foreign experts will be one of the best and most economical ways for Chinese factories, which are now severely short of funds, to import advanced software, as many foreigners with years of experience at home are willing to contribute their talents to China.

The success of Werner Gerich, a retired engineer in West Germany, former director of the Wuhan Diesel Engine Plant, has made Chinese decision-makers and entrepreneurs believe in the "magic function" of foreign experts.

Liaoning Province in northeast China is planning to import about 70 foreign talents this year to update its industries, PEOPLE'S DAILY reported earlier.

Necessity of Foreign Trade Structural Reform

HK1008105888 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 32, 8 Aug 88 p 1

["Letter From Beijing" by Bao Xin (7637 0207):
"Foreign Trade Structural Reform Is Deepening"]

[Text] Brother:

The mainland has resolutely instituted foreign trade structural reform since the beginning of this year, causing all sorts of widespread comments in the country and abroad, some good and some bad, some gratifying and some expressing worry. It has been over half a year now. I would like to relate some facts about the results and prospects of this reform.

The purpose of foreign trade structural reform is to smash the "iron rice bowl," to delegate power to the lower levels; to carry out the contracted management responsibility system; to implement the 16-character reform principle, which is "assuming sole responsibility for profit and loss, carrying out open management, combining industry and trade, and integrating production and marketing." It can be said that this reform has produced initial results. The mainland's import and export volume increased in the first half of this year, amounting to \$35.85 billion, of which the import volume was \$15.6 billion or so and the export volume a little over \$20.2 billion, with a favorable balance of \$4.59 billion.

Pushed forward by foreign trade structural reform, a gratifying situation has emerged in the work of utilizing foreign investments, and the number of foreign-invested projects has increased by over 100 percent. In the first half of this year, foreign-invested enterprises increased by 2,109, an increase of 186 percent over the same period of last year; the export volume of foreign-invested enterprises amounted to \$500 million, an increase of 133 percent over the same period of last year.

How will the foreign trade situation be in the second half of this year? As estimated, it will continue to be good. Domestically, industrial production will tend upward in the second half of this year, with a growth rate not less than that in the first half of this year. Agricultural production is presenting optimistic scenes, with an increase in summer grain output. If there are no natural disasters, there will be a good harvest of autumn crops. In particular, there will be great development in agricultural production that helps increase foreign exchange income. Let us view the international market. Although there is sharp competition on the international market, on the whole the situation is favorable to China's exports. The economies of major countries and regions in the world have proved better than expected, a thriving situation has arisen in supply and demand on the international market, and world trade has continued to develop. So long as China improves its international competitiveness and produces marketable products, it will certainly usher in a prosperous situation in which it will expand its "business to the four seas."

However, there are still quite a number of obstacles to foreign trade development, thus making it difficult for foreign trade to fully display its role. Giving no thought to profit or loss, some foreign trade departments are still "eating from the same big pot"; the foreign trade mechanism is operating slowly and some departments are placing obstacles before each other; some departments compete with each other in raising their purchasing prices and lowering the prices of goods for export, thus causing the recurrence of such a strange thing as the "battle of silkworm chrysalides"; there are many low quality "popular products" with simple varieties and poor workmanship; the prices of raw materials are low, but the processing costs are high; and capital turnover is slow and economic results are bad. All this has impacted on the country's international competitiveness.

The settlement of these problems relies on the speeding up of economic structural reform, the deepening of foreign trade structural reform, and the effective implementation of the contracted management responsibility system in departments at all levels. In addition, measures such as reforming the financial and investment systems as well as perfecting the relevant laws are being taken in coordination with the above work.

The problem of foreign trade losses has become prominent. There are many factors causing such losses, such as high purchasing prices, low selling prices, and expensive

foreign trade costs. But foreign exchange rates constitute a major factor. There is still much room for adjusting foreign exchange rates. Efforts should be made to rationalize the exchange rates between the RMB and foreign currencies. If the exchange rates are too high, exports will be affected; if the exchange rates are too low, the prices of imported commodities will rise by a large margin, and this will be detrimental to importing raw materials and equipment, apart from causing possible inflation in the country. Therefore overall consideration is necessary so as to rationalize exchange rates and prevent export losses.

Foreign trade has an important bearing on the implementation of the coastal economic development strategy, on the carrying out of the national economic development plan, and on the great cause of realizing the "four modernizations" and invigorating the Chinese nation. China's foreign trade structure which took shape under the state of seclusion has constituted a "long-standing, difficult problem" in the country's economic work. It was a structure that could neither be avoided nor offended. But as soon as a thorough reform was introduced, foreign trade began to have vigor. This is what people say "there is nothing that cannot be changed; and when there is a change, everything runs smoothly." Following the deepening of reform and opening up to the world as well as the development of the international market, foreign trade work will be constantly improved so as to cope with the changeable, competitive international market.

It should be noted that all sorts of tariff barriers and non-tariff barriers keep arising in the world, and trade protectionism is becoming stronger in some developed countries, thereby seriously affecting world trade development. China is firmly opposed to any type of protectionism and favors economic and trade contacts with countries and regions in the world on the basis of equality and mutual benefit. China's foreign trade structural reform has promoted the development of its foreign trade and has also made a contribution to world trade development.

Yours,

Bao Xin.

30 July

Price Reform Needed for Enterprise Reform
HK1008100888 Beijing GUANGMING RIBAO
in Chinese 30 Jul 88 p 3

[Article by Lin Ling (2651 0407): "Price Reform Should Be Carried Out in Step With Enterprise Reform"]

[Text] After China's economy met with twists and turns at the end of 1984, there was a heated debate among economic theoretical workers centering around where to

start the deepening of reform. Hence, there were two basic lines of thinking on the issue. One view argues that a whole range of reforms should be conducted while macroeconomic control is being strengthened and perfected; demand restricted; and supply and the supply-demand relationship improved. The other theory contends that enterprise reform should be deepened centering on the rationalization of the relationship between ownership and property and the reshaping of the microeconomic foundation.

The reality facing us at present is that enterprise reform with the contract system as the center has been carried out in an overall manner and price reform is imperative. It is impossible for any one to wish to bypass any of these two aspects. However, what is actually the optimum choice? As I see it, to make reform a success, price reform and enterprise reform should be conducted in a coordinated and synchronous way.

The objective of price reform is to rationalize prices or to make prices become signals capable of objectively reflecting the scarcity and shortage of resources and the supply-demand trend through reform so that price parities between different products can be rational. To achieve this, it will not do just to rely on government regulations. Prices should be determined by the market through competition and in accordance with the law of value, in particular, the law governing supply and demand. As a matter of fact, the prices used by some public service departments and naturally monopolistic departments should be fixed directly by the government. To carry out price reform in accordance with this line of thinking, it is necessary to abolish the current "double track system" in prices. Moreover, the abolition of such a system means big increases in the price of grain and other farm produce, mineral products, nonrenewable energy products, prices currently already at the bottom level, and the prices of some major metallurgical and chemical raw and semifinished products. If processing industries using these raw and semifinished materials and energy products raise the prices of their products by a wide margin, this will surely result in a spiraling price rise and cause the failure of price reform. To avoid such a disastrous effect, an environment should be created in which processing industries are unable to raise prices on a limited scale and are forced to enhance their capability to solve problems arising from the abolition of the system. For this purpose, it is necessary to reform enterprises' internal operation mechanisms so that state-owned enterprises, in particular large and medium-sized ones, can assume full responsibility for profit and loss and work hard to raise their economic results as town and township enterprises do. In fact, our enterprises still have a great latent ability to withstand the consequences of price reform. Ours is the only country in the world whose resources are low-priced. The average price level of our country's water, coal, petroleum, and other mineral resources is only one-fourth of the world average. Moreover, its overall energy utilization rate is not only far below that of developed capitalist countries but it is

just a half of India's and one-fourth of Brazil's, which are developing countries. If our state-owned enterprises, in particular large and medium-sized ones, really have a mechanism for assuming full responsibility for profit and loss, the raising of the prices of raw and semifinished materials is bound to stimulate enterprises to improve technology, to strengthen management, to cut costs, and to raise efficiency. Not only this will help to use resources efficiently and protect the environment but it will also help to make price reform a success. Hence, price reform must have the guarantee of enterprise reform.

The objective of enterprise reform is to enable state-owned enterprises to become commodity producers and managers be able to make their management decisions and to assume full responsibility for profit and loss. Only in this way can enterprises have a double mechanism of developing and restricting themselves and survive as the superior in market competition. To achieve this, we have given enterprises greater decision-making powers and introduced a contracted management responsibility system among them. The contract system based on the principle of separating ownership from management power undoubtedly has vitality and is a relatively good choice for the country's enterprise reform at the present stage. However, in the final analysis, the contract system is a way of managing state assets. Not being owners, there is no way for enterprises to assume full responsibility for profit and loss. To enable enterprises to assume full responsibility for profit and loss, while practicing the contract system, we should reshape enterprises' relationship to property rights; including defining the specific owner of state assets; admitting the direct ownership by the collective of laborers of specific enterprises of the assets accumulated using the enterprises' officially owned funds; employees' right to own the property in which they buy shares; and the ownership of other shareholding enterprises as legal entities. On this basis, we should proceed to transform the existing large and medium-sized state-owned enterprises gradually into enterprises under the shareholding system with their assets put under diversified ownership in accordance with the principles concerning limited-liability companies. This will help enterprises assume full responsibility for profit and loss. Apparently, this step cannot be bypassed. Nevertheless, if we just reform enterprises' internal operation mechanisms and fail to establish a market system capable of bringing the role of such mechanisms into play, it is still difficult for enterprises to assume full responsibility for profit and loss. This being the case, while carrying out enterprise reform, we should conduct market reform centering on price reform and ultimately establish a complete, unified, open, competitive, and orderly socialist market system under which producers and managers of various products can bring their roles into full play.

The abovementioned two aspects show that carrying out price reform in step with enterprise reform is not only a reality that cannot be evaded but the two condition each

other. The reform of "ownership-enterprise" and of "price-market" must be conducted in a coordinated way. It is incorrect to stress which of the two should be given precedence; which is primary and which secondary. However, it is equally evident that there are contradictions between the two reforms. For example, the contract system, currently in place, is characterized by "a rigidly fixed base figure, a guaranteed amount of profits to be handed over to the state, and a greater share of profits in excess of quotas, and by being responsible for shortfall in profits." If we adhere to no changes in base figures, we will be unable to carry out price reform. If price reform is to be promoted, it will surely have a pounding effect on the contract system. What counts here lies in seeking a tactic conducive to the continued implementation of the contract system and the conducting of price reform.

Price reform involves a wide range of endeavors. Currently, the state, the enterprises, and individuals are not well positioned to withstand the consequences of an abrupt, overall price deregulation. Moreover, since market and enterprise mechanisms are not perfect, real market prices are difficult to materialize. As such, the formation of real market prices will take several years. Our country's agricultural production, in particular, grain production, has developed haltingly in successive years and thus had a impact not to be ignored on the development of the national economy and the stability and improvement of the people's standard of living. With the introduction of the "double track system" in regard to the prices of steel products and other capital goods, the real expenditure of the users benefiting from the mandatory planning in allocating and transferring goods or funds have come close to market prices. In view of the above two cases, it is wise to focus next year's price reform on changing the prices of grain and steel products. As far as enterprises are concerned, the reform of grain prices involves wage readjustments and this is bound to increase the proportion of wages in their costs. The raising of the prices of steel products and other capital goods may lead to a situation like this: 1) The profits of iron and steel and other enterprises may increase considerably; 2) the costs of processing enterprises and capital construction projects using steel products at the government price will rise considerably; and 3) the costs of enterprises now using steel products and other capital goods at the government price will basically remain unchanged. If this judgment is correct, in regard to enterprises' contracted base figures, a principle of keeping them basically unchanged or making limited alterations can be adopted next year. Limited alterations include raising iron and steel and other enterprises' contracted base figures and lowering those of enterprises which find it difficult to overcome the consequences of excessively rapid cost rises for a short while. The contracted base figures of other enterprises should, without exception, be kept unchanged. These enterprises should be encouraged to solve problems arising from cost increases. This will help them make reforms, cut consumption, improve labor organization, and enhance their ability to withstand strain. This is all the more true

of enterprises whose products are in excessive supply on the market. Some enterprises, especially small ones, may incur losses in operation and even go bankrupt due to their limited ability to withstand strain. This phenomenon is unavoidable in a commodity economy. If this reform basically succeeds, in the days to come, every year or every other year we can use the above method to reform the prices of several products while actively promoting the process of running enterprises on a shareholding basis. It can be envisaged that in 5 years time or longer, prices can be roughly rationalized, the contract system can develop into the shareholding system, and market mechanisms and enterprises' mechanism of assuming full responsibility for profit and loss can on the whole take shape.

To ensure price reform goes hand in hand with enterprise reform, we should appropriately reform the macroeconomic regulatory and control system. To reform the old price system, it is necessary to check the momentum of inflation and to create an environment characterized by a fairly low and stable inflation rate for price reform. This calls for curtailment in the scale of capital construction, a cut in the growth rate of consumption funds, a strict control over group purchasing power, an appropriate tightening in financial and credit matters, a reduction in currency circulation, and an effort to boost supply.

Tax-system reform, price reform, and enterprise reform are inseparably related. The future economic relationship between the government and enterprises is one of tax collection and tax payment. Therefore, we should unify income tax as early as possible and lower income tax rates. With the exception of a small number of enterprises, all enterprises should contract for after-tax profits. This contracting of after-tax profits will be abolished immediately after the contract system has moved to the shareholding system and distribution of dividends according to shares is realized in regard to state assets.

As far as the government and enterprises are concerned, after ownership and management power are separated, ownership, management power, and the power to regulate and control macroeconomically should be further separated. The right to own state assets should be separated from government functions and relinquished to independent state assets investment business companies. With the introduction of the shareholding system among state-owned enterprises, as one of the shareholders of enterprises, a state assets investment business company enjoys the same legal position as the other shareholders do and no longer has any government functions. It gets extra dividends from enterprises and assumes responsibility for the losses in their operations and cannot take any risks as enterprises' founding shareholders. In accordance with the provisional regulations promulgated by the State Council concerning the contract system, a separate account-management system should be introduced universally and enterprises encouraged to establish shares commonly owned by the collectives using their retained profits-turned assets.

The rises in living expenses generated by inflation and price reform should be compensated by increasing employees' wages. Since the reform of the wage system is very difficult and the proposition has not yet been put forward, it is wise to use the method of state subsidy for the time being.

To stabilize and boost savings ratios and to encourage urban and rural residents to economize the use of consumption funds, and to proceed to turn them into production funds, it is necessary to raise the interest rates of the residents' savings deposits; and to encourage employees to become shareholders of their own enterprises or to buy the bonds issued by the state and enterprises as prices are rising. At the same time, appropriate efforts should be made to raise the interest rates of enterprise loans.

Economic Development in 2d Quarter Analyzed
HK1008093188 Beijing RENMIN RIBAO in Chinese
6 Aug 88 p 2

[Report by the Economic Forecast Department Under the State Economic Information Center: "The Phenomenon of the Overheated Economy Merits Our Attention—an Analysis of the Trend of Development of the National Economy in the 2d Quarter"]

[Text] During the 2d quarter of this year, the development of our national economy was better than expected. However, the phenomenon of the overheated economy still exists. This has become increasingly obvious day by day.

1. Industrial Production [subhead]

During the 2d quarter of this year, industrial production was accelerated. Total industrial output value was 4.8 percent higher than in the 1st quarter. In the 2d quarter of this year our economy developed at its second-highest rate since the start of the Seventh 5-Year Plan. Since the third quarter of last year, our industrial production, which had fallen by degrees, has picked up again. It has risen very rapidly. The growth rate of industrial production in the 2d quarter was 2.4 percentage points higher than in the 1st quarter.

Just as in the 1st quarter, in the 2d quarter the development of heavy industrial production was faster than that of light industrial production. Heavy industrial output value in the 2d quarter was 6 percent higher than in the 1st quarter. The production volume of heavy industry for the 2d quarter was 144.2 percent greater than the production volume for the last quarter of the Sixth 5-Year Plan. At present, the proportion of light industry is lower than in the last phase of the Sixth 5-Year Plan. Currently, the heavy industrial sector which is developing most rapidly is the heavy processing industry. Our basic industry, which has affected the development of our industry as a whole, is still very weak. Under the

pressure of other industries which are developing very rapidly, the coal industry, which had basically eased the strains on coal supply, now faces again the problem of slightly insufficient supply.

During the 2d quarter of this year, production development of the industry under ownership by the whole people continued to speed up, being 3.7 percent faster than in the 1st quarter. As far as the quarterly growth rate was concerned, the 2d quarter was faster than the third and fourth quarters of last year and the 1st quarter of this year. During the 2d quarter of this year, production of industry under collective ownership increased by 5 percent over the 1st quarter. The 2d quarter was the third consecutive quarter in which the speed of increase declined. However, the rise in industrial production under collective ownership was still faster than that in industry under ownership by the whole people. The fact that the speed of development of industrial production under ownership by the whole people has come even nearer that of collective industrial production is the result of the popularization of the contracted management responsibility system in production and of further expansion of the enterprises' decisionmaking power.

2. Financial Loans [subhead]

During the 2d quarter of this year, the increase in the amount of money in circulation was exceedingly fast. At the end of the quarter, the rate of increase was as high as 13.2 percent. During the 1st quarter, there was also a double-digit increase in the amount of money in circulation. All this will bring difficulties to our efforts to control the money supply index this year.

At the end of the 2d quarter this year, the rate of increase in various kinds of loans was 6.8 percent, which was lower than in the 1st quarter. However, on a quarterly basis, the amount of loans in the 2d quarter of this year was still on the high side when compared with various quarters since the start of the Seventh 5-Year Plan. At the end of the 2d quarter of this year, the growth rate of various kinds of bank deposit was lower than in the 1st quarter. The increase in bank deposits was also slower than the increase in loans. But the total amount of bank deposits in the 2d quarter was 6.4 percent higher than in the 1st quarter.

Loans increased rapidly. Due to the fact that the prices for means of production increased faster than those for final products, enterprises urgently demanded increases in their production funds. Although there was a rise in savings deposits, it was a common phenomenon that residents withdrew their savings deposits in large amounts.

3. Domestic Market [subhead]

During the 2d quarter, the cash incomes of residents in our towns and cities increased by a greater margin. The wages and other expenses paid by the state to individuals

were 7.1 percent higher than in the 1st quarter. The 2d quarter was the one in which the amount of wages and other expenses paid by the state increased most rapidly. However, due to the fact that commodity prices increased exceedingly fast, the living standard of some residents actually declined.

In the 2d quarter, the total volume of retail sales was 7.5 percent higher than in the 1st quarter. The growth rate in the 2d quarter was higher than in the 1st quarter. It was also faster than the increase in residents' incomes. During the 2d quarter, due to the fact that various localities took the initiative in readjusting the prices of various kinds of nonstaple food in addition to the increases in the prices of certain industrial goods, phenomena such as rushing to purchase commodities, bank runs, and so on occurred in some localities.

Since the start of the Seventh 5-Year Plan, the cumulative growth of the incomes of our residents in towns and cities has been faster than that of the total volume of retail sales. The former is 159.5 percent, whereas the latter is 146.5 percent. This shows that the actual income

level of our people has increased. This might lead to an increase in savings deposits. On the other hand, we should also realize that there is a monetary purchasing power which has not yet been realized. During the period of price reform, we should attach importance to residents' ideas on "raising the value" of their assets, so that we can stabilize our finance and market. 4. Foreign Trade [subhead] During the 2d quarter, the total customs export volume was 10 percent higher than in the 1st quarter. Total import volume was 7.0 percent higher than in the 1st quarter. The increase in both import and export volumes was fairly fast.

During the 1st quarter of this year, the fact that the old system was being replaced by the new one affected the work of some provinces and cities in purchasing goods with the aim of promoting exports. In addition, because of the increase in the channels for imports and exports, delegation of power, and the establishment of the market for regulating foreign exchange, the total export volume in the 2d quarter increased very rapidly. However, we should still pay sufficient attention to handling well the relations between domestic and international markets, and to enhancing the results and benefits of foreign trade work.

Quarterly Adjusted Bases of China's Main National Economic Indexes

	1985 Index	
	3	4
Total industrial output value	101.1	100.0
Total light industrial output value	103.0	100.0
Total heavy industrial output value	100.5	100.0
Total output value of industry under ownership by the whole people	101.4	100.0
Total output value of collective industry	102.0	100.0
Amount of money circulating in market	97.5	100.0
Various kinds of bank deposit	96.0	100.0
Various kinds of bank loan	95.9	100.0
Total volume of retail sales	88.7	100.0
Total import volume (customs)	96.7	100.0
Total export volume (customs)	90.5	100.0

	1986 Index			
	1	2	3	4
Total industrial output value	101.8	105.8	109.5	114.9
Total light industrial output value	102.7	106.3	110.8	116.5
Total heavy industrial output value	102.0	106.0	109.7	115.1
Total output value of industry under ownership by the whole people	102.4	105.4	108.1	111.6
Total output value of collective industry	103.4	107.3	114.3	125.7
Amount of money circulating in market	101.4	109.7	115.2	123.3
Various kinds of bank deposit	105.7	113.7	119.8	127.1
Various kinds of bank loan	105.2	114.0	120.3	128.7
Total volume of retail sales	94.6	101.5	107.0	109.6
Total import volume (customs)	91.3	100.1	96.5	93.3
Total export volume (customs)	89.9	103.5	106.8	108.2

	1987 Index			
	1	2	3	4
Total industrial output value	116.2	122.4	127.2	131.4
Total light industrial output value	118.3	123.8	128.2	130.2
Total heavy industrial output value	115.2	121.9	127.8	131.4
Total output value of industry under ownership by the whole people	112.3	117.5	121.1	123.2
Total output value of collective industry	127.3	131.9	140.2	147.4
Amount of money circulating in market	129.0	140.2	149.5	147.1
Various kinds of bank deposit	135.3	141.1	154.5	155.4
Various kinds of bank loan	133.7	142.7	152.2	152.5
Total volume of retail sales	111.1	118.7	125.2	127.9
Total import volume (customs)	86.8	92.7	97.8	108.1
Total export volume (customs)	112.9	126.0	132.9	150.7

	1988 Index	
	1	2
Total industrial output value	134.7	141.4
Total light industrial output value	135.9	140.5
Total heavy industrial output value	134.9	143.2
Total output value of industry under ownership by the whole people	125.7	130.4
Total output value of collective industry	154.3	162.2
Amount of money circulating in market	164.0	187.2
Various kinds of bank deposit	166.5	177.5
Various kinds of bank loan	163.9	175.4
Total volume of retail sales	135.9	146.5
Total import volume (customs)	103.8	111.3
Total export volume (customs)	144.1	159.5

Note: The base for the various indexes in the fourth quarter of 1985 is 100

Pig, Poultry Farmers Earn Greater Income

OW1008132188 Beijing XINHUA in English
0708 GMT 10 Aug 88

[Text] Beijing, August 10 (XINHUA)—The per capita annual income in real terms for China's farmers raising pigs and poultry during the first half of this year climbed 10.5 percent over the same 1987 period.

According to the State Statistics Bureau, live pigs and poultry have become the main reason why farmers are earning more money because the prices on these commodities have gone up 50.6 percent compared with the same period last year.

Township industry, transportation, commerce and labor service also brought each farmer 28 percent more than last year's figure.

In China, farmers consume the grain, vegetables, pork and eggs they produce, but these products are not included when figuring their income.

The statistics also showed a 25 percent increase in farmers' expenditures, of which investment in production was the highest, or up 30.2 percent over that of the same period in 1987.

East Region

Shandong's Liang Attends Secretaries Meeting *SK1008062588 Jinan Shandong Provincial Service in Mandarin 2200 GMT 9 Aug 88*

[Text] The Shandong Provincial CPC Committee held a meeting of city and prefectural party committee secretaries in Jinan's Nanjiao Guesthouse on 8-9 August. Attendees discussed and studied emphatically issues concerning further developing the province's gratifying situation and creating fine economic and social conditions for deepening reform. The meeting stressed: The vast number of party members, cadres, and masses throughout the province should understand the situation clearly, strengthen confidence, be dedicated heart and soul, and unite as one to capture a new success in reform.

Liang Buting, secretary of the provincial party committee, presided over the meeting and made a speech at the meeting.

With all participants making speeches focusing on the issue concerning deepening reform, and in line with reality, all meeting participants spoke out freely, aired their own views, and engaged in discussions enthusiastically. Through discussions, participants united their thinking, defined tasks, were inspired with enthusiasm, and were full of confidence in further achieving the reform work.

The meeting maintained: Along with the ceaseless deepening of reform, stressing goods price and wage reforms was a strategic decision made by the central authorities through careful consideration, as well as a major plan affecting and related to the overall reform and construction situation. Thus it is extremely difficult to implement the decision since it is related to the large-scale readjustment of relations between various sectors of the economy and between the interests of various sectors of the economy. So, we should try to gain the initiative and continuously maintain the province's good economic development trend and the good situation characterized by stability and unity.

The meeting pointed out: The next 5 months of this year are very precious. At present, we should pay attention to the following few tasks:

First, we should enliven enterprises and pay attention to agriculture. Enterprises play a key role in conducting goods price and wage reforms. Therefore, all enterprises are confronted with a question concerning whether they can pass this test smoothly. Enterprises will make new achievements only when they perfect the economic contracted responsibility system, optimize the internal operation mechanism, and improve external conditions. The province's overall agricultural situation is good. After experiencing a drop in summer grain production, the province should strive to reap a bumper autumn grain harvest to make up for the reduction in summer grain

production and to continuously maintain a steady increase in grain production. We should continuously pay attention to developing a diversified economy; accelerate the development of animal husbandry, forest fruits, and aquatic products; and continuously speed up the pace of developing village enterprises.

Second, we should put goods prices under control and strengthen market management. In the next half of this year, price departments should strictly control price increases, strengthen goods price management, and strictly enforce price disciplines. The province should regularly organize general inspections of goods prices and set up a regular system of supervision by the masses. It is necessary to ban strictly officials reselling goods at a profit and to deal blows to illegal reselling activities. All illegal income should be confiscated and serious cases of illegally reselling goods at a profit should be handled according to the law. Those who drive up prices or disrupt the market should be punished strictly. We should pay full attention to consolidating market order. At present when the new market mechanism is not perfected yet, we must strengthen, in a planned manner, the distribution and management of the major goods and materials that are related to the national economy and the people's livelihood. We should adopt effective measures to ensure the supply of major means of agricultural production, particularly, chemical fertilizer and diesel oil.

Third, we should accumulate financial resources to promote foreign trade. It is necessary to do a good job in operating financial administration and pioneer new financial resources. We should continue to reduce administrative expenses and control institutional purchasing power. All localities should take the province's overall situation into consideration and do a good job in purchasing goods for foreign trade and creating foreign exchange through exports. We should strengthen management and pay particular attention to strictly controlling export goods.

Fourth, we should strengthen the ideological work. A primary task at present is to create a good media environment for deepening reform. Press, radio, and television units should continuously carry forward the party's fine traditions and style of conducting propaganda work; organically integrate party spirit with [words indistinct] of the people; and bring into better play their functions for giving guidance and supervision by media.

We should strengthen the party's leadership over literary and artistic work and bring into full play our role as a key front army in the socialist spiritual and material civilizations.

Fifth, we should strengthen leadership and strictly enforce discipline. At the crucial moment of reform, we should particularly educate the vast number of party

members, cadres, and the masses to enhance their understanding of law discipline, ensure that all orders and prohibitions are strictly enforced, and politically act in unison with the party Central Committee. The party and government organs and cadres should take the overall situation into consideration, abide by discipline, bring their functions into full play, be honest in performing their official duty, play an exemplary role in doing their job in a down-to-earth manner, and gain the initiative in conducting reform.

Attending the meeting were Standing Committee members of the provincial party committee, secretaries of the provincial Discipline Inspection Commission, responsible persons of the leading party group of the provincial People's Congress Standing Committee, vice governors, responsible persons of the leading party group of the provincial CPPCC Committee, secretaries of the city and prefectural party committees, secretaries of the party committees of some large enterprises, and responsible persons of some provincial-level departments, commissions, offices, and bureaus.

Shandong Tax Payments Increase 600 Million Yuan
OW1008062788 Beijing XINHUA Domestic
Service in Mandarin 2320 GMT 6 Aug 88

[By reporter Lu Dianluo]

[Text] Jinan, 7 Aug (XINHUA)—Taxation departments at all levels in Shandong have made great efforts to improve and perfect the regulations on collecting taxes. As a result, tax loopholes have been effectively closed. During the 1st half of this year, the province collected industrial and commercial taxes, totaling 4,893 million yuan, up nearly 600 million yuan from the corresponding period last year.

Since the beginning of this year, centering around building a strict, scientific tax collecting system, taxation departments at all levels in Shandong have adopted many effective measures. Throughout the province 89 city and county units have organized taxation checking teams and integrated regularly with specialized taxation checks. Taxation departments at all levels in Shandong have also improved tax collecting methods and acquired many successful experiences.

Shanghai Leaders Address Party Cadres
OW1008081488 Shanghai City Service in Mandarin
0900 GMT 6 Aug 88

[Excerpts] The study group to help cadres at and above the bureau level in Shanghai realize the current situation in reform and firmly adhere to the party's line held its fifth and last meeting this morning. Wu Bangguo, deputy secretary of the municipal CPC committee, made a report entitled: Maintain High Standards and Improve the Quality of Party Members in the Course of Carrying Out Reform and Opening to the Outside World. Jiang

Zemin, secretary of the municipal CPC committee, made a report entitled: Unite as One and Take Positive Measures To Promote Reform and Rejuvenate Shanghai. Today's meeting was presided over by Zhu Rongji, deputy secretary of the municipal CPC committee. Attending today's meeting were Deputy Secretaries Huang Ju and Zeng Qinghong of Shanghai's party committee.

In his report, Wu Bangguo said: Over the past few years, the issue of party style has always been a major question drawing eager attention from people inside and outside the party. We have repeatedly stressed the need to rectify our party style, maintain high standards, and improve the quality of party members, but the results are not ideal. This calls for profound self-examination. [passage omitted]

After reviewing the courses offered to the members of the study group over the past month, Comrade Jiang Zemin aired his views on how to help cadres understand the current situation in carrying out reform and hold fast to the party's basic line. He stressed: In face of the great, but arduous, tasks in carrying out reform and promoting economic development, we must fully understand the moral standard of our cadres, particularly that of cadres at and above the bureau level. He called on all party cadres to shake off pessimism and combat the tendency to shift blame on others and of fearing difficulties, and the sentiments of worrying too much and not daring to take risks. He urged them to join all the people in Shanghai in working hard with revolutionary drive, uniting as one and enhancing the morale of the people to write a new chapter for invigorating Shanghai.

Shanghai To Combat Irregularities Among Cadres
OW1008192388 Shanghai City Service in Mandarin
2200 GMT 5 Aug 88

[Text] In order to implement the guidelines of the national organizational work conference, the Shanghai Municipal CPC Committee has decided to take up seven tasks. These tasks include: dealing with such problems as unqualified party members, retired party and government cadres engaging in business, party and government organs running businesses, and the task of forming a municipal leading group for the reform of the political structure. This was disclosed by Zhao Qizheng, member of the Standing Committee and director of the Organization Department of the Shanghai Municipal CPC Committee, at a meeting on 5 August to convey the guidelines of the national organizational work conference.

It is reported that Zhu Rongji will serve as head of the municipal leading group for the reform of the political structure, while Huang Ju and Wu Bangguo will serve as deputy heads.

Wu Bangguo, deputy secretary of the municipal party committee, conveyed to the meeting the important instructions issued by Comrade Zhao Ziyang when he received provincial and municipal delegates to the national organizational work conference.

Zhao Qizheng, director of the Organization Department of the municipal party committee, conveyed to the meeting the guidelines of the national organizational work conference and the opinion of the Shanghai municipal party committee on how to implement the guidelines.

Zhao Qizheng said: In strictly managing party affairs, we should dispose of unqualified party members. Generally speaking, the situation of the party members in Shanghai is good. The criteria for recruiting new party members in recent years have been quite strict. We recruited 50,000 new party members in 1986, 43,000 in 1987 and less than 30,000 this year. Most of the new party members are intellectuals who usually had difficulty in getting party membership in the past. The work of expelling degenerates from the party has in fact been going on for several years. In 1987, 196 corrupt members were expelled from the party and 561 unqualified ones were persuaded to voluntarily withdraw from party membership or probationary party membership. I would like to remind the party organizations at all levels that they should be serious and resolute and prevent perfunctoriness.

Zhao Qizheng said: Being strict with party members should begin first with party and government organs, and the party organizations of these organs should bear important responsibility in this regard.

Zhao Qizheng said: From now on, this municipality will stop examining and approving requests for retired party and government cadres and active-duty cadres of retirement age to hold corporate jobs, including honorary jobs. Those already holding jobs in companies shall be handled separately in accordance with the instructions of the central authorities. In accordance with the guidelines of the circulars issued by the General Office of the CPC Central Committee and the General Office of the State Council, the municipal party committee will conduct a special investigation into retired party and government cadres engaging in business and into party and government organs running business firms.

Central-South Region

Guangdong Experiments on Handling Party Members *HK1008132888 Guangzhou Guangdong Provincial Service in Mandarin 1030 GMT 9 Aug 88*

[Text] To implement the spirit of the national conference on party organizational work, which was held this year, the provincial party committee Organization

Department has carried out experiments on improving the quality of party members with high standards and handling unqualified party members at some selected points.

The provincial party committee Organization Department recently transferred a number of cadres from some cities and counties to the Guangzhou Iron and Steel Works, (Lingpei) Town in Yangshan County, and (Qiqiao) Town in Nanhai County to experiment with improving party members with high standards and handling unqualified party members aptly. In compliance with the principle of maintaining high standards, concentrating on education, and dealing with each case on its merits, unqualified party members will be handled seriously and aptly and very few degenerate party members should be expelled from the party. The experiments are paving the way for work of aptly handling unqualified party members, which will be carried out by party organizations throughout the province.

Guangdong Corruption-Report Centers Successful *OW1108030088 Beijing XINHUA in English 0120 GMT 11 Aug 88*

[Text] Beijing, August 11 (XINHUA)—Three centers set up in Guangdong Province for citizens to report cases of corruption have handled 183 cases, saving the state economic losses of 6.83 million yuan, the "GUANGMING DAILY" reported today.

Since March this year such centers have already been established in Shenzhen, Guangzhou, and Shantou Cities, and they have received 1,308 reports, among which 29.4 percent were concerned with bribery and corruption.

The others either involved neglect of official duty or encroachment on collective interests.

"The centers are functioning well in wiping out corruption and helping to build a clean and honest government," said a provincial official.

Guangzhou Hit by Materials Transport Shortages *HK1108060188 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 11 Aug 88*

[Text] According to GUANGZHOU RIBAO, transport shortages have repeatedly affected supplies of coal, cotton, iron, and steel to the city in recent months. These shortages have seriously affected production and economic returns in some enterprises. Vice Mayor Xie Shihua spoke at a city forum on communications, posts, and telecommunications yesterday, calling on all departments to exert great efforts to ease the materials transport shortage and crash-ship materials urgently needed by the city.

Xie Shihua agreed with the measures proposed by the city Communications Commission for resolving the difficulties in the transportation of materials from outside the province. Apart from continuing to seek the support of the railroad and sea transport departments and the support of other parts of the province for Guangzhou, it is necessary to take the following measures: 1) Give full scope to the city's own shipping fleets; 2) vigorously develop joint transport and further probe and expand joint transport services with cities along the Beijing-Guangzhou railroad; 3) continue to make good use of the regular sea freight services from Guangzhou to Shanghai and Tianjin; 4) plan and prepare joint transport services with a number of coastal ports; and 5) seriously study and solve the transport costs issue.

Guangxi Decides To Open Up 12 More Towns
HK1008145488 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 10 Aug 88

[Text] In order to further implement the strategy for coastal economic development and make the key points of opening up our region to the outside world stand out, the regional people's government recently decided to open up 12 more towns to the outside world.

The 12 towns are Xiaojiang Town in Pubei County, Lingcheng Town in Lingshan County, Guicheng Town in Guixian County, Guiping Town in Guiping County, Pingnan Town in Pingnan County, Lingcheng Town in Beiliu County, Lucheng Town in Luchuan County, Rongcheng Town in Rongxian County, Bobai Town in Bobai County, Cenxi Town in Cenxi County, Tengcheng Town in Tengxian County and Babu Town in Hexian County.

As industrial satellite towns of open economic zones, the 12 towns can enjoy preferential policies and regulations formulated by the State Council and the region for opening up to the outside world. The opening up of the 12 towns and counties will link all open areas along the coast of southeast Guangxi as a whole and will take the initiative in and give an impetus to the development of the export-oriented economy throughout the region.

Ideological Work for Guangxi Voluntary Soldiers
HK1008134088 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 9 Aug 88

[Text] On the eve of conferring military ranks to soldiers, a PLA motor transport regiment stationed in our region concentrated its efforts on doing good ideological work for voluntary soldiers to ensure the smooth progress of the work of conferring the military ranks.

There are 164 voluntary soldiers in this motor transport regiment. After the rules and regulations on military ranks were transmitted to the grass-roots level, the voluntary soldiers had many kinds of problems in their minds. Some of them thought that before the implementation of the military rank system, the uniforms worn by

voluntary soldiers were the same as those worn by cadres. Their wages were about the same as those of officers who joined the Army in the same year. Their pay and conditions were only slightly different. With the implementation of the military rank system, voluntary soldiers will wear soldiers' uniforms, and their wages will be determined by their grades. Therefore, voluntary soldiers felt that they would incur losses and lose face.

After knowing what was on their minds, the party committee of the regiment organized voluntary soldiers in each and every battalion to study the spirit of the instructions issued by the higher authorities, and to discuss widely the significance of the implementation of the military rank system. They were provided with education in subordinating personal interests to the overall situation of the reform of the Army, correctly treating individuals' gains and losses, strengthening the party spirit, and strictly observing discipline. Leaders at all levels went down to grass-roots units to have a heart-to-heart talk with each and every voluntary soldier to help them enhance their ideological understanding. [passage omitted]

Now attaching importance to party spirit, giving due consideration to the overall situation, and competing with each other to make more contribution to the state have become conscious actions of all voluntary soldiers in this motor transport regiment.

Hainan Military District Seeks Self-Sufficiency
HK1008132288 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 9 Aug 88

[Text] The Hainan Military District recently held a phone conference on production operations, calling on all its units to go into action immediately to raise the level of their production operations in an effort to augment deficient supplies of nonstaple food; ease the people's burden and support Hainan's economic construction.

The Hainan Military District Commander Pang Weiqiang and Logistics Department Director Zhan Yijiao addressed the meeting.

Pang Weiqiang pointed out: During an inspection tour of the Army, General Secretary Zhao Ziyang called on all PLA units to follow the general policy of improving and developing on their own. All our units should conscientiously implement the spirit of the instruction by making the most of local natural advantages and vigorously expand production. Units at the army and division levels should successfully establish industry-trade services and crop cultivation bases; units at the regimental level build nonstaple food production bases which make planting and processing a coordinated process; and units at the battalion and company levels should use their spare time to develop pig breeding and vegetable growing to be able to support themselves and fulfill their own meat and vegetable requirements.

Henan Industrial Output Value Grows 19 Percent
OW1008133488 Beijing XINHUA in English
0722 GMT 10 Aug 88

[Text] Beijing, August 10 (XINHUA)—In central China's Henan Province industrial output value climbed 19 percent during the first half of this year over the same 1987 period, today's "PEOPLE'S DAILY" reported.

Profits from industry also saw a 51.4 percent increase over the same 1987 period, while expenses were up 15 percent, the paper said, quoting the work reports of Henan's seven provincial governors.

After setting up the new provincial government this January, Henan's governors decided to pool their efforts on 20 important projects and make progress reports via the media every six months.

Of the 20 projects, 14 have shown good results during the first six months this year, the reports said, but little progress has been made in social security, family planning, price control and the construction of grain, meat, vegetable and egg production bases.

Southwest Region

Guizhou To Build Technology Development Zones
HK1008052088 Beijing RENMIN RIBAO
in Chinese 7 Aug 88 p 1

[Report by Pan Didu (3382 1593 6757): "Guizhou Province To Build Two Technology Development Zones To Promote Integration of Science, Technology, and Economy"]

[Text] The provincial party committee and people's government of Guizhou recently decided to set up an "experimental development zone for new technology and industry" and an "experimental zone for concentrated spark technology" to promote close integration of science and technology, and economy, and the development of productive forces, and to accelerate the pace of Guizhou in getting rid of poverty and becoming rich. It is hoped that Guizhou's scientific and technical personnel can fully give play to the role of their intelligence and wisdom in vigorously promoting the economy of Guizhou.

The "experimental development zone for new technology and industry" will be set up in the Wudang District, which is located in the suburb of Guiyang City. There are advanced machinery and electrical industry, precision optical instrument industry, and so on. This district has strong scientific and technical capacity, and the enterprises there have high economic returns. The experimental zone will concentrate on developing new technological industries: modern machinery and electrical products, precision optical instrument, biological engineering, and so on. The "experimental zone for concentrated spark technology" has 11 spots. These spots are to

be located in areas close to five cities—Guiyang, Zunyi, Anshun, Duyun, Kaili, and so on. In accordance with the local scientific and technical foundation and the practical needs of these spots, the focus will be on developing construction materials projects, metallurgy, machinery and electrical projects, chemical industry, abrasive industry, planting and breeding industry, forestry, orchard, and tea plantation, and so on.

The provincial party committee and government of Guizhou require the leaders of all areas and all departments of the province to establish the strategic thinking of relying on scientific and technical progress, and achieving comprehensive economic development, to create good competitive environment for scientific and technical personnel, to enthusiastically support and encourage the development of locally run scientific and technical organizations, and locally run organizations for promoting scientific and technical services, which are set up by collectives and individual households, and to grant great rewards to scientific and technical personnel who have made important contributions.

Tibet Government Holds Plenary Meeting
HK1108015988 Lhasa Tibet Regional Service
in Mandarin 0000 GMT 11 Aug 88

[Text] The new Tibet regional people's government held a plenary meeting on the morning of 10 August. Government Vice Chairman Mao Rubai presided. Chairman Doje Cering made an important speech on the following topics: 1) It is necessary to emancipate the mind. 2) It is necessary to improve work style. 3) It is necessary to strengthen discipline. 4) It is necessary to maintain honest government.

He said: To carry forward the spirit of reform and pioneering and uphold the work style of creating new things, dealing with concrete matters relating to work, promoting efficiency, and remaining honest and free of corruption is the demand we set on all the members of the new government. He said: What criterion should we apply in arranging our work? In a word, we must regard development of the productive forces as the criterion. In saying that we need to continue to emancipate the mind, we mean that we should ensure that the thinking of the government members further meets the requirements of developing the productive forces and commodity economy. If the leaders only talk about reform and opening up with their mouths and in documents while not daring to emancipate their minds in practice and acting in an overcautious fashion, or else [words indistinct] and analyzing problems by applying old concepts, it is impossible for them to influence and lead forward the masses to transform their mental concepts and still less can they bring about substantive (?progress) in reform and opening up.

Doje Cering said that further improving work style is very important for creating a new situation in work and fulfilling the tasks facing us. I hold that we should grasp

four cardinal links: 1) We should do a good job in changing the functions of government. 2) We should vigorously promote dealing with concrete matters relating to work, strictly control meetings and documents, and pay attention to investigation and study. 3) We should enhance work efficiency, eliminate the work style of [word indistinct], clearly define responsibilities, and do the things under our charge without shifting the responsibility onto others or arguing back and forth. 4) We must make government work more transparent, and make the work procedures of the government departments as public as possible, to facilitate supervision by the masses. The leading members of the government should have direct dialogues with the masses on major issues of concern to the masses and important matters in social and economic development. We must broaden our vision, pool the wisdom of everyone, and welcome and support the masses in putting forward criticisms and views on government work.

On strengthening discipline and keeping government honest and free of corruption, Doje Cering said: The functional departments of the government must take the initiative and seriously assume the responsibility for whatever work is under their charge together with the work assigned them by the regional government. All departments must strictly carry out the decisions and regulations of the central authorities, the State Council, and the regional party committee and government, and ensure strict enforcement of orders and prohibitions. All members of the government must first do themselves those things that they require the lower levels and the masses to do, and first refrain themselves from doing things that they ask the lower levels to refrain from. The regional government and the various departments must set up job responsibility systems at all levels and put them on a sound basis, with one level responsible for another.

We must step up the building of the law and of systems and exercise supervision from top to bottom and bottom to top. We must ensure that the laws are followed and strictly enforced and that violators are prosecuted. We must resolutely boycott and oppose unhealthy trends of all kinds and phenomena of rottenness. We must refrain from accepting gifts, [words indistinct], from abusing powers for private purposes, and from seeking pay and conditions that exceed state regulations. We must withstand the tests of reform and opening up and of the relations between various interests.

Present at the meeting were regional government vice chairmen Ma Lisheng, Puquin, Qamco, Gyibug Puncog Cedain, and Gong Daxi, and government adviser Yang Zongxin. Raidi, deputy secretary of the regional party committee, also attended and made a speech.

During the meeting, Government Vice Chairman Mao Rubai announced the division of work between the regional government chairman, vice chairmen, and adviser. He said: In accordance with the composition of

the new government elected by the 1st session of the 5th regional People's Congress and with studies done by the 41st routine meeting of the regional government, the division of work between the leading members of the new government is as follows:

Chairman Doje Cering leads the overall work of the regional government, together with economic structural reform work.

Vice Chairman Mao Rubai is responsible for the routine work of the government, and is also in charge of the government's General Office, the Organ Affairs Administrative Bureau, foreign affairs, tourism, foreign economic relations and trade, judicial work, and the work of the region's offices in the interior of China. He also assists comrade Tudao Doje in dealing with education and science and technology.

Vice Chairman Ma Lisheng is in charge of economic planning, economic cooperation, labor and personnel affairs, supervision, posts and telecommunications, geology and mining, and economic and social development research. He will also assist Comrade Gyibug Puncog Cedain in dealing with public health and sports work.

Vice Chairman Puquin is in charge of financial and fiscal matters, commerce, statistics, the customs, insurance, and industry and commerce administration.

Vice Chairman Qamco is in charge of industry, electric power, communications, civil aviation, public security work, and state security work.

Vice Chairman Gyibug Puncog Cedain is in charge of nationality and religious work, sports, public health, family planning, and the work of learning, using, and developing the Tibetan language.

Vice Chairman Tudao Doje is in charge of culture, education, science and technology, radio and television, news and publishing, and social science work.

Vice Chairman Gong Daxi is in charge of agriculture, animal husbandry, forestry, meteorology, water conservancy, civil affairs, and resource exploitation.

Adviser Yang Zongxin acts as a staff officer for the entire work of the government. He will in particular assist the chairman and vice chairmen in investigating economic structural reform and in economic development strategic research.

Mao Rubai also announced at the meeting that in the near future the leading members of the government will lead work teams to the rural areas and the grass roots for short, medium, and long terms, to exercise face-to-face leadership. Comrade Doje Cering will go to Qamdo. Comrade Mao Rubai will go to Xigaze. Comrade Ma Lisheng will go to Nagqu and Gar. Comrade Gyibug Puncog Cedain will go to Shannan. Apart from presiding

over routine work in the organs, the remaining comrades will go to the Lhasa outskirts and factories, mines, enterprises, and units to investigate and study.

North Region

Beijing Under 'Heavy Financial Burden'

HK1108055488 Beijing CHINA DAILY
in English 11 Aug 88 p 1

[By staff reporter Liang Chao]

[Text] Subsidies paid out in Beijing are expected to rise to over 3 billion yuan this year and the heavy financial burden on the city shows no signs of easing.

The payments swallow 45.5 percent of the city's revenue, according to a report by the financial department of Beijing's Planning Committee.

It says the continuing increase has aroused much attention. The major problem posed is how to manage a proper balance between prices and salaries in the light of economic reforms.

According to the report, in the first six months of this year, the city's total financial subsidy rose to 450 million yuan more than the same period last year, and reached 1.21 billion yuan, an increase of 59 percent compared with last year.

This was in the main caused by increased subsidies following rises in the retail price of main nonstaple foods, such as pork, eggs, popular vegetables (including Chinese cabbages and radishes) and sugar.

More than 95 percent of the subsidies cover things that have a direct bearing on people's daily life, such as grain, edible oils, vegetables, pork, mutton, beef, eggs, mass transit fees, rent and heating.

These accounted for 2.52 billion yuan last year, an increase of more than 10 times from the figure of such subsidies in 1978, the year before the country launched its economic reforms.

During the same period, the city's total outlay for subsidies reached 11.7 billion yuan. The per capita subsidy has risen from 47 yuan in 1978 to 420 yuan in 1987.

In 1978, subsidies accounted for only 4.4 percent of the city's revenue. But it increased to 39 percent of the revenue in 1987.

Beijing's revenue has only gone up 26 percent in the past 10 years.

The municipal government expects to pay more than 3 billion yuan in subsidies this year to cover losses in personal income caused by the price reform, although its total revenue will be only some 6 billion yuan.

When the municipal government raised the retail prices of four main non-staple foods on May 15, it decided to change the previous "indirect" subsidies on these foods to a "direct" 10 yuan monthly subsidy for every government employee in the capital.

This is expected to cost the city 20 million yuan a year. The reform was aimed at allowing people to decide for themselves how much they wanted to spend on food.

It also was meant to gradually replace the indirect subsidies.

But the municipal government is still subsidizing these food items indirectly and, what is more, the amount of indirect subsidies keeps increasing.

This is because the prices paid by the government to buy the four main non-staple foods from farmers continue to go up by large margins.

An official in the finance bureau of the Beijing municipal government admits that no quick results can be expected to counter the problem.

Beijing Surveys Foreign-Funded Enterprises

SK1108030788 Beijing City Service in Mandarin
0900 GMT 25 Jul 88

[Text] According to a survey of approximately 100 wholly foreign-owned enterprises, Sino-foreign joint ventures, and Sino-foreign contractual joint ventures made by the municipal Statistical Bureau, the operational situation of these enterprises in the 1st half of this year was good. More than 50 percent of these enterprises saw profits. These enterprises realized more than 80 million yuan of profits and used foreign capital, totalling \$170 million, an increase of 88.2 percent over the corresponding period of last year.

This year, the municipality let these three types of enterprises play a role as a show window to attract foreign investors and gave a free hand to foreign businessmen in operating enterprises in line with international practice. Simultaneously, foreign investors can enjoy preferential treatment with respect to tax revenues and material import and export.

The output value and sales income realized by the Beijing jeep vehicle corporation, that had been commended as one of the top 10 national joint ventures last year, accounted for 63 and 67 percent of the total realized by the municipality's industrial enterprises of these three types. Thus, the corporation brought into play its key exemplary role among enterprises of the same trades.

In the 1st half of this year, the municipality assimilated real investment by 11 countries and regions. Of this, the investment by Hong Kong accounted for the greatest amount.

Inner Mongolia CPC Calls for Cadre Honesty
HK1008135088 Beijing RENMIN RIBAO
in Chinese 8 Aug 88 p 4

[Dispatch by reporters Chen Yongjin (7115 0516 6651) and Ao Teng (0277 7506): "The Inner Mongolia Autonomous Regional CPC Committee Calls on Cadres at All Levels To Take the Lead in Being Honest in Performing Their Official Duties"]

[Text] "How do we break down the barrier of reform? The historical experience of our party in overcoming difficulties tells us: We must make concerted efforts with the masses and help each other while we are in the same boat. To do this, party and government organs and leading cadres must be honest in performing their official duties and break down the barrier of reform together with the people of all nationalities."

This statement was made by Wang Qun, secretary of the Inner Mongolia Autonomous Regional CPC Committee, a few days ago to the reporters of this paper.

The Inner Mongolia autonomous regional people's government recently formulated corresponding regulations "to be honest in performing official duties and to be strict and impartial in administration" and demanded that leadership organs and cadres at all levels of the autonomous region take the lead in strictly abiding by the law and discipline, working impartially, struggling hard, and putting an end to the malpractices, such as taking bribes and bending the law, taking advantage of power to seek personal gain, and extravagance and waste. Regional Government Chairman Bu He also demanded that the people's accusation system be put on a sound basis and report centers be set up in supervisory organs at all levels so as to promptly disclose such violations of the law and breaches of discipline by the party and state working personnel such as taking advantage of their posts to commit bribery and graft; evading taxes; defrauding the revenue; refusing to pay tax; misappropriating public funds; and betraying the interests of the state. All units, ranging from the organs directly under the autonomous region to all banners and counties are not allowed to construct buildings, halls, and guesthouses and to purchase nonproductive luxurious imported sedan cars. The autonomous regional leadership organ has already taken the lead in suspending the construction of a high-class guesthouse in Beidaihe, in which 9 million yuan was invested; terminated its ties with the organ labor service company, which was originally meant to work for the well-being of the autonomous regional leadership organ; and provided that the leadership organ shall not engage in commerce in any form whatsoever.

Tianjin Officers Changed to Nonmilitary Status
SK1108033388 Tianjin TIANJIN RIBAO
in Chinese 30 Jul 88 p 1

[Text] On 29 July, the Tianjin Garrison District held a grand meeting to announce the order transferring some officers on the active list to nonmilitary cadre status. Thus far, 282 officers of the Tianjin Garrison District have taken off their Army uniform, and become the first group of nonmilitary officials of our Army.

Present at the meeting were Zheng Guozhong, commander of the Tianjin Garrison District; and Lan Baojing, political commissar of the district. Chen Deyi, political commissar of the Tianjin Garrison District, read out the order issued by the Beijing Military Region and the Tianjin Garrison District regarding the transfer of some officers on the active list to nonmilitary cadres. On behalf of the Tianjin Garrison District Party Committee, Political Commissar Lan Baojing called on nonmilitary cadres to further understand the necessity and importance of implementing the nonmilitary cadre system; to strengthen their mental ability to cope with changes in reform as well as their sense of organizational discipline; to set continuously strict demands on themselves in line with the touchstone for revolutionary soldiers' and to attain the goals of not changing the true qualities of revolutionary soldiers, not lowering the work criterion, and not slackening off in workstyle and discipline even after taking their military uniform off.

Northeast Region

Heilongjiang Border Trade With USSR Increases
HK1008121088 Beijing RENMIN RIBAO
in Chinese 7 Aug 88 p 2

[Report by Liu Xieyang (0491 3610 7122): "Sino-Soviet Border Trade in Heilongjiang Province Increases"]

[Text] "The border trade between Heilongjiang's Heihe, Tongjiang, and Suifenhe Cities and the Soviet Union has begun to pick up again after a slump. "On the Sino-Soviet border, a length of several thousand kilometers, there are frequent contacts between trading personnel of both sides. Automobiles and steamships packed with goods keep coming and going..." an official from Heilongjiang Province said when speaking to this reporter in Beijing.

These three cities all border the Soviet Union. Last July, our delegation held a border trade conference at the invitation of the Soviets. The Border Trade Company of Heihe signed three barter trade agreements with the Soviet (Blagoveshchensk City) [bu shi 1580 1579] Industrial Products Trading Bureau and the (Amurskaja State) [a zhou 7093 1558] Consumers' Cooperative. By early June this year, export contracts with a value of 20.91 million Swiss Francs had been signed. From 18 February to 5 April this year, an ice passage for transportation was opened up, with both sides starting the delivery of goods

to each other. Our side set automobiles to work 571 times, and the Soviet side, 300 times. There were more than 1,000 visits across the border by personnel of both sides. After the Heilongjiang River became navigable, both sides changed over to transportation of goods by steamship. Among the exports from our side were pneumatic hotwater bottles, down garments, paint, garlic, apples, and so forth. Exports from the Soviet Union include mainly chemical fertilizers, cement and timber. There has recently been an increase in variety. The kinds of goods exchanged have risen to nearly 100. The quantity involved is continually rising.

Suifenhe has been more active in trading with the Soviet Union. Trade promotion targets have expanded from the cities opposite it, to Soviet coastal and border areas and other remote states and districts in the far east. Trading partners have developed from a unilateral to a multilateral basis. Meanwhile, economic and technical cooperation with the Soviet Union's border areas has got off to a good start. The first group of exported workers has headed for the Soviet Union to work on growing melons, fruits, and vegetables. Letters of intent have been signed in connection with more than 20 jointly financed, cooperative, and jointly operated projects.

Tongjiang is a newly established city. Its port has been opened up. This February, at the invitation of Tongjiang City, the Soviet Boli [0130 0500] Border Area Trade Delegation came over to hold a conference on bilateral trade. At the invitation of the Soviets, our side headed for the Soviet Union in mid-June this year for business talks. The talks resulted in transactions worth 5.22 million Swiss Francs.

Heilongjiang Seminar on Frigid Zone Economy
SK1108044088 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 9 Aug 88

[Text] An international seminar on developing the economy and technology in frigid zones opened in Harbin City on 9 August. Prior to the seminar, Governor Hou Jie received the Japanese representatives headed by (Nagahara Tachinori), director of the Japanese Hokkaido center in charge of research of economic and technological development in frigid zones, and the Canadian representatives headed by (Dennis Anderson), director of the Canadian Alberta Provincial Engineering Administration Department.

The international seminar on developing the economy and technology in frigid zones, which is sponsored by the Japanese Hokkaido Economic and Technical Development Center, the Japanese Frigid Zone Development Association, the Canadian Alberta Provincial Academy of Science, the Heilongjiang Provincial Academy of Science, the Heilongjiang Provincial Urban Economic Society, the Heilongjiang Provincial Microthermal Construction Institute, the Heilongjiang Provincial Road and Bridge Company, and the Harbin City Architectural Engineering College, is aimed at enhancing the technical

cooperation of development and construction in frigid zones; strengthening friendship among the specialists, scholars, and entrepreneurs from the frigid zones; and exchanging their academic experiences.

Speaking at the opening ceremony of the seminar were Director (Nagahara Tachinori), Director (Dennis Anderson), Professor (Chen Yibo) from the Harbin City Architectural Engineering College, and Professor Dai Boan, vice governor of the province.

Heilongjiang Reclamation Area Family Planning
HK1008130688 Beijing RENMIN RIBAO in Chinese 9 Aug 88, p 3

[Report by Gao Shuhua (7559 3219 5478): "Young People in Heilongjiang Reclamation Area Acquire New Outlook on Childbearing"]

[Text] Some 300,000 young staff and workers in the Heilongjiang Reclamation Area, who were born in the 1950's, have basically realized "one child for one couple."

The Heilongjiang Reclamation Area, which has 101 mechanized state farms, was developed in the uninhabited "Great Northern Wilderness" in the 1950's. In the past, thinking that the Heilongjiang Reclamation Area was a vast area with a small population, the staff and workers there did not pay enough attention to family planning. As a result, under the influence of the traditional concept that "more children bring more blessings," the population of the Reclamation Area increased very rapidly. By the end of the 1970's, the population had increased to 1.8 million people; and the area had begun to experience the first birth-rate peak caused by those born in the 1950's.

In order to prevent the population growth from "getting out of control," the Heilongjiang Reclamation Area has implemented the family planning target management system and the family planning responsibility system at various levels. The area assigns both the production and family planning quotas to the production units at the grass-roots level. The various farms in the Heilongjiang Reclamation Area have also formulated preferential policies to encourage family planning. Farms in the area carried out propaganda in various forms among the staff and workers to help them understand that family planning is the objective demand of modern production and enable them to acquire a new outlook on childbearing. A few years ago, the relevant departments permitted some areas to "make a breach" in family planning, which means that the relevant departments allowed the couples at childbearing age in some remote counties and cities to have two children. However, the broad masses of youths in the Heilongjiang Reclamation Area voluntarily shared the cares and burdens of the state and still practised family planning. As a result, the one-child birth rate of

the area reached 92 percent. The one-child birth certificate issuance rate reached 95 percent. The family planning rate of the Qindeli Farm which is situated on the shore of the Heilong River reached 99 percent last year.

New Coal Fields Discovered in Heilongjiang

HK1008113888 Beijing RENMIN RIBAO
in Chinese 9 Aug 88 p 1

[Report by Xiao Tihuan (5135 7555 3562): "Several Coal Fields Discovered in the Greater and Lesser Xingan Ranges"]

[Text] In recent years, the Heilongjiang Geological and Mining Bureau has readjusted the arrangements for geological work, and devoted more efforts to prospecting for coal mines in the regions around the Greater and Lesser Xingan Ranges. Up to now, several coal mines have been discovered. This has helped solve the problem of "replacing firewood with coal" in the forest region, and of "transporting coal from the eastern to the western parts" of the province.

The Greater and Lesser Xingan Ranges lacked coal. It was estimated that each year the amount of wood burned as fuel in the forest region of the Greater Xingan Ranges was roughly equal to the amount of trees lumbered in a forest farm. Now the provincial Geological and Mining Bureau has discovered the Huolapen Coal Field which is equal to a medium-sized coal mine. The coal field is located in Mohe County of the Greater Xingan Ranges region. It will be turned into an open-cut coal mine. After the great fire of the Greater Xingan Ranges last May, Yiziquan coal field was discovered in Huma County of the Greater Xingan Ranges. After boring the first hole, it was discovered that there are eight layers of coal in the coal field; four layers of which are as wide as eight meters. It has been proved that the coal field is suitable for industrial mining. In Nenjiang County of the Lesser Xingan Ranges, Heibaoshan-Muerqi coal field was also discovered, and three geological prospecting reports have been submitted to the higher authorities. The proven coal deposit in the coal field is 278 million tons. The relevant departments have started building an open-cut coal mine with an annual output of 600,000 tons. In a place not far from the Yichun forest area in Xunke County of the Lesser Xingan Ranges region, Hongxiugou coal field has been discovered with proven deposits of 53 million tons.

Liaoning Releases Kuomintang Committee Namelist

SK1108045088 Shenyang LIAONING RIBAO
in Chinese 26 Jul 88 p 1

[Text] Following is the namelist of chairman, vice chairman, and Standing Committee members of the seventh Liaoning Provincial Kuomintang Revolutionary Committee:

Chairman: Ming Shiji [2494 0013 0529]

Vice Chairmen: Wei Buqing [7279 2975 7230], Zhou Houji [0719 0624 1015], Gong Shiping [7895 0013 5493], Bian Changtai [6706 7022 3141], and Liang Wenxuan [2733 2429 5503].

Standing Committee members: (in the order of the number of strokes in the surnames) Wang Zhifeng [3769 1807 0023], Wang Kunfan, [3769 0981 0416], female, Wei Buqing [7279 2975 7230], Bian Changtai [6706 7022 3141], Feng Yubiao [7458 3768 1753], Zhu Cheng [2612 6134], Zhu Wukui [2612 2976 1145], Guan Baicheng [7070 4102 2052], Liu Shaoxun [0491 4801 8113], Tong Dan [0157 0030], Li Jing [2621 7231], Shen Yanyi [3088 1693 3015], Song Chengzhi [1345 2110 1807], Ming Shiji [2494 0013 0529], Zhou Houji [0719 0624 1015], Xu Jianhua [1776 1696 5478], Liang Wenxuan [2733 2429 5503], Gong Shiping, [7895 0013 5493], female, and Cheng Yuantong [4453 6678 6639].

Northwest Region

Qinghai Holds Meeting on Developing Northwest

HK1108045788 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 10 Aug 88

[Text] This morning the Xining people's government and the provincial Committee for Restructuring the Economic System jointly held a report meeting. (Zhong Shaohua), head of the office in charge of pilot projects for overall reforms under the State Commission for Restructuring the Economic System, delivered a report on the reforms in northwest China.

More than 1,000 people attended the meeting, including Song Ruixiang; Liu Feng; Han Yingxuan; Liu Guangzhou; and other provincial and Xining City leaders; as well as cadres at or above the departmental level from the provincial departments; directors, party committee secretaries, and trade union chairmen of enterprises in Xining City; and representatives to the fourth meeting for study of economic reforms in cities of northwest China.

The report delivered by Comrade (Zhong Shaohua) fell into three parts. 1) The features and managerial expertise of the commodity economy. 2) The cities and enterprises which are developing the commodity economy. And, 3) measures to suit the needs of reform in the five provinces and regions in northwest China.

(Zhong) noted: Managerial expertise of the commodity economy is a crystallization of wisdom of human beings and states with different social systems should all study it. At the present stage of stepping up reforms and opening up, both software and hardware of managerial expertise of the commodity economy should all be imported and then applied in our country in line with our specific conditions. After expounding the drawbacks such as high centralization of power and rule by one

person which were brought about by the product economy under the long-standing planned management system, he pointed out that the moral concepts of the socialist commodity economy should include democracy in the political sphere and equality in the economic sphere. Therefore, exchange value, a most important feature of the commodity economy, should be reflected. In northwest China, barriers between different areas, departments and trades should be done away with and efforts should be made to promote large-scale association and equal competition. Only by so doing will we be able to attain common development and prosperity.

(Zhong Shaohua) continued: Modernization of cities mirrors the face of a country. The leading role of cities should be brought into full play and the reserve capacity of enterprises increased. As the reforms are being deepened, relationships between different sectors should be further straightened out and duties in different sectors be readjusted. Governments at various levels should not poke their noses into what enterprises themselves can do, provincial authorities should not interfere in whatever the cities can do, and the high authorities should not do whatever the lower units can do. Governments should not say too much about affairs of enterprises but should create a favorable environment for enterprises and render good services to them.

Speaking on measures that the five provinces and regions in northwest China should adopt to suit the needs of reform and opening up, (Zhong Shaohua) pointed out: Accelerating reform and opening up is the key link for developing the economy in northwest China. As for reform, the earlier we carry it out, the better

results we can achieve. Otherwise, we will be passive and vulnerable to attack. The five provinces and regions in northwest China, he said, all have their own advantages and salient features, so they have to grasp the opportunity to develop the economy in an overall way. We should have the courage to reform anything which helps expand the productive forces. In light of the reality in Qinghai, (Zhong Shaohua) also gave his views on the reform of the price and wage systems, the introduction of the contract system in enterprises, the adoption of a flexible tax system, the opening up of new type material markets, and the delegation of power to enterprises.

Xinjiang Releases 1987 Financial Figures

*HK1108050588 Urumqi Xinjiang Regional Service
in Mandarin 0000 GMT 11 Aug 88*

[Excerpt] When delivering a report on the final accounts for 1987 to the third session of the seventh regional People's Congress Standing Committee on the afternoon of 9 August, the regional Finance Department Director Makemutishatier pointed out: In 1987 the region had a fiscal balance with little surplus.

Makemutishatier also said: The region's financial revenue in 1987 amounted to 1.158395 billion yuan, an increase of 8.605 million yuan over budgeted revenue and accounting for 111.7 percent of the budget. Meanwhile, this figure means an increase of 138.317 yuan over the revenue of the previous year. In 1987 there was a rise in financial expenditures, but against the revenue, there is still a financial surplus of 219.38 million yuan. [passage omitted]

Courts Deal With Civil Cases Involving Taiwanese
OW0908092088 Beijing XINHUA in English
0747 GMT 9 Aug 88

[Text] Beijing, August 9 (XINHUA)—Courts at various levels on China's mainland are prepared to hear civil cases involving Taiwanese to protect the legal rights of the people on both sides of the Taiwan Strait.

The Supreme People's Court recently issued a judicial explanation nationwide on how to deal with marital, property, child and parent support, and property cases involving Taiwanese.

Vice President of the Supreme People's Court Ma Yuan said today that cases of marriages and divorces involving Taiwanese must be dealt with seriously.

Those who went to Taiwan from the mainland or were brought up there enjoy equal rights with people living on the mainland to claim inheritances, Ma said at a new briefing here.

The term of procedure might be prolonged in the case of involvement of Taiwanese, as "unusual cases" are dealt with in China's law on the general principles of civil code, she said.

PRC Trade Arbitration Agency Proposes Contacts
HK1108051488 Beijing CHINA DAILY
in English 11 Aug 88 p 2

[By staff reporter]

[Text] Arbitrators on the mainland are proposing contacts in "proper ways" with their Taiwan counterparts in order to solve disputes expected to crop up with the expansion of indirect economic relations between the two sides of the Taiwan Strait.

In a recent telegram to the Taiwan Commerce Arbitration Association and arbitrators on the Island, the External Economic and Trade Arbitration Agency (EETAA) called on exchanges by both sides to "let each side familiarize, know, trust and cooperate with the other."

"We suggest arbitrators on both sides of the Strait meet at a proper time in a proper place, such as Hong Kong, Singapore or Japan, to decide how to have Taiwan arbitrators at the existing arbitration centres in Hong Kong or the mainland."

Last month, efforts on both sides of the Strait paved the way for an expected boom of indirect economic relations.

The Taiwan authorities allowed imports of 20 raw materials and industrial products from the mainland. Taiwan businessmen were permitted to invest on the mainland via a third country or region.

A set of regulations encouraging Taiwan investment went into effect on the mainland last month.

Under the regulations, disputes between Taiwan investors and the mainland organizations can be submitted for arbitration on the mainland or in Hong Kong.

Fishing Boats, Crews Sheltered From Typhoon No 17

Over 80 Sheltered in Zhejiang
OW1008200888 Hangzhou Zhejiang Provincial
Service in Mandarin 0900 GMT 8 Aug 88

[Text] Struck by strong typhoon No 17, over 80 Taiwan fishing boats found shelter against the storm in Shenjiamen Harbor. On the morning of 8 August, (Yao Delong), deputy secretary of the Zhoushan City Party Committee, and (Feng Dingfu), deputy secretary of the Putuo District party committee, and responsible persons of departments concerned boarded the Taiwan fishing boats to see the fishermen. The Putuo District People's Hospital, the district company for trade with Taiwan, and other departments dispatched personnel to repair equipment for the Taiwan fishermen, examine their physical health, and supply them with fresh water and food.

6 Boats Leave Shanghai
OW1008182988 Shanghai Voice of Pujiang
in Mandarin to Taiwan 0900 GMT 9 Aug 88

[Text] Six Taiwan fishing boats which had taken shelter in Shanghai harbor from typhoon No 17 left Shanghai for home today.

The fishing boats' port of registry is Jilong Harbor, Taiwan. While carrying operations in the East China Sea, they heard a typhoon warning and entered Shanghai harbor one after another to take shelter from the wind on the afternoon of 7 August until the early hours of 8 August.

On their arrival in Shanghai, the 53 Taiwan fishermen were warmly received by the Shanghai Municipal Taiwan Compatriots Reception Station and the Shanghai Aquatic Products Trade Union. They supplied the Taiwan fishing boats with vegetables, fresh water, and fuel, and accompanied Taiwan fishermen to the city for sightseeing, visiting the ancient Longhua Temple, and shopping at the Shanghai Exhibition Center and industrial crafts stores.

Yesterday evening, the Taiwan fishermen had a dinner together at Straits Hotel, also known as the home of Taiwan compatriots, and had a good time at a teahouse where music was played.

Trade Official Denies U.S. Retaliation Likely
*OW1008194088 Taipei CNA in English 1547 GMT
10 Aug 88*

[Text] Taipei, Aug. 10 (CNA)—Wang Chao-ming, vice-chairman of the Council for Economic Planning and Development, said Wednesday that the question of turkey meat imports from the United States may be the subject of another round of consultations with the U.S. Government if the Republic of China [ROC] cannot respond to U.S. demands within three weeks.

Wang, spokesman for the ROC-U.S. trade consultation task force, stressed that the U.S. was "waiting" for a clear ROC reply within three weeks. "However, they didn't emphasize the imposition of article [section] 301 sanctions if we could not respond positively," he said.

Speaking at a news conference on the Hawaii round of trade talks last week, Wang denied reports that the U.S. would retaliate with sanctions if the ROC did not quickly settle the turkey meat import issue.

"As far as I can remember, the U.S. negotiators have never openly mentioned retaliation," Wang said.

He thought that as the issue could not be settled by a clear "yes" or "no", further exchanges of views and consultations will probably still be needed to reach an acceptable agreement between the two countries.

No Decision on 3 Mainland Student Activists
*HK1108062188 Hong Kong HONGKONG STANDARD
in English 11 Aug 88 p 6*

[By Tammy Tam]

[Text] Three mainland student activists have slipped into Taiwan after three months at sea.

Taiwanese authorities are studying the case before deciding the fate of the illegal immigrants, officials told The STANDARD yesterday.

The young men, who said they were student activists being persecuted on the mainland, reached the island about midnight last Saturday after being rescued by a Taiwanese fishing boat in Penghu. The three—Gao Tienling, 27, Li Minrong, 32, and Jiang Liming, 30—said they began their journey on a small boat in May from Hainan. All claimed they were being persecuted for taking part in student movements.

But the Taiwanese government has not yet decided whether to accept them, and the three are still on the fishing boat.

"Generally speaking, we will send all illegal immigrants back immediately, but we will study this special case thoroughly first," said Mr Liu, an official of the Ministry of the Interior.

The case was handled by the Bureau of Entry and Exit under the ministry.

Sources in Taiwan told The STANDARD that Taipei was keeping a low profile on the recent influx of mainland illegal immigrants. It is believed these people, usually fishermen from Fujian Province, do not have a "propaganda significance" as those hijackers with a strong political background. In the past few months, Taiwan has repatriated several groups of fishermen without any publicity.

"The Taiwanese government tries to avoid embarrassment by keeping a low profile attitude, for it once strongly encouraged mainland people to 'go to the free Taiwan'," a veteran island journalist said.

"Moreover, Taiwan has developed a new concept recently which is to keep more anticommunism seeds in the mainland rather than let them come to the island."

Sources in Taiwan said the number of mainland illegal immigrants was increasing after the announcement of a more flexible mainland policy. Most are from Fujian and are employed by some small factories in Taichong.

Research, Development Spending To Double by 1995
*OW1108033088 Taipei CNA in English 0243 GMT
11 Aug 88*

[Text] Taipei, Aug. 11 (CNA)—The Republic of China's spending on research and development is expected to increase from the current 1 percent of gross national product to 2 percent of GNP by 1995, Hsia Han-min, chairman of the National Science Council, said Wednesday. To make this goal possible, the government will take a variety of measures to encourage the private sector to invest more in R and D projects, Hsia said in an interview with "National Affairs Forum," a public television program.

Hsia, who assumed his post late last month, said the measures will include offering tax incentives, providing private firms with assistance in gathering information, establishing regional technology centers, and promoting cooperation between academic circles and industries.

Currently, up to 51 percent of the nation's R and D expenditures are generated by the government, with the remaining 49 percent coming from the private sector, Hsia said. By 1995, funds from the private sector should increase 18 percent to account for 60 percent of total R and D spending.

During the TV program, which will be broadcast on TTV channel at 9 p.m. Thursday, Hsia also said the government has decided to expand the list of the nation's strategic technologies from the current eight to 12 categories. The four new strategic technologies to which the

government will give priority in development, are environmental protection, the prevention and control of natural disasters, synchrotron radiation and marine science and technology.

Li Urges Upgrading Industrial Levels, Trade
OW1108015088 Taipei CNA in English 1529 GMT
10 Aug 88

[Text] Taipei, Aug. 10 (CNA)—President Li Teng-hui said Wednesday that in the face of an international economic transitional period, the Republic of China [ROC] must quicken the pace of adjusting its economic structure by upgrading its industrial technologies and by improving trade relations with other nations.

President Li, greatly concerned about the response of the local economy in trying to cope with international economic changes, heard a briefing by Economics Minister Chen Li-an. Also attending the briefing were Premier Yu Kuo-hua, responsible government officials, scholars, experts, and leaders from local industrial and business circles.

In his briefing, Chen, who just assumed office last month, said that his ministry will devote more effort to introducing foreign technology into the nation in order to upgrade the ROC's industrial levels and will seek to expand foreign trade and increase economic and trade exchanges with other nations in order to create new horizons for the nation.

Premier Yu approved the measures to be taken by the economics ministry and asked the council for economic planning and development to evaluate future developments. Yu also said that in past years, the nation's trade had relied too heavily on a few trading partners, so proper measures must be taken to diversify foreign markets.

ROK Ambassador Presents Credentials to Minister
OW1108015988 Taipei CNA in Engl 1508 GMT
10 Aug 88

[Text] Taipei, Aug. 10 (CNA)—The Republic of Korea's [ROK's] ambassador to the Republic of China [ROC], Han Chol-su, presented a copy of his credentials to Foreign Minister Lien Chan at the Ministry of Foreign Affairs Wednesday.

Han was warmly greeted by Minister Lien. They talked for more than 20 minutes during which the new Korean envoy pledged that he would do his utmost during his tenure in Taipei to promote cordial and cooperative relations between the two countries.

The general-turned-ambassador told Lien that before leaving Seoul for the ROC to assume his new post he was entertained at a party hosted by Korean President No Tae-u and that he had also called on Prime Minister Yi

Hyon-chae and other Korean government leaders. Han said they all expressed the hope that he would fulfill his mission of further improving ROC-ROK ties.

Stressing that the ROC and ROK had long maintained cordial and cooperative relations, Han said he hoped the two countries would strengthen academic, journalistic, cultural and artistic exchanges in addition to continuing frequent government contacts.

Lien also expressed the hope that relations between the two countries would be further strengthened during Han's tenure in the ROC.

Han, who has been chief of the general staff of Korean forces and deputy commander of the Korean and U.S. joint forces, will shortly present his credentials to ROC President Li Teng-hui.

Tensions have grown between the two countries recently after the Korean foreign ministry made a controversial decision to call the ROC "Taiwan" instead of its formal title "The Republic of China" and to call Communist China "China". Seoul has no diplomatic ties with Peiping.

The move caused speculation that Korea was distancing itself from the ROC and was seeking to establish closer ties with Communist China, thus prompting the ROC Government to express its serious concern over the issue.

In response to the speculation, Han told reporters that Korea decided to call the Chinese mainland "China" purely because of geographical reasons. "There are no other implications in doing so," he stressed, adding that Korea will continue to call the ROC "China."

Han said the fact that the Korean Government quickly decided to assign him to the Taipei post left vacant by Amb. Kim Sang-tae should dispel rumors that ROC-ROK relations are souring.

Fruit Trade Agreement Reached With South Korea
OW1108020288 Taipei CNA in English 1520 GMT
10 Aug 88

[Text] Taipei, Aug. 10 (CNA)—The Republic of China [ROC] and the Republic of Korea Wednesday concluded a fruit trade agreement under which Seoul will supply Taipei with 5,000 metric tons of apples in exchange for 15,000 to 20,000 metric tons of Taiwan bananas. A spokesman for the Council of Agriculture said the agreement, reached after long negotiations by the council, will help settle the problem of banana overproduction in the Taiwan area in the current crop season.

According to the agreement, the first batch of 5,000 tons of bananas will be shipped by Aug. 15 for South Korea while the remaining 10,000 tons are scheduled for delivery at the beginning of next year, the spokesman said. As

for the 5,000 tons of Korean apples, imports will be scheduled for December to avoid competing with apple production in summer time.

The Council of Agriculture will hold another round of talks in Seoul on Aug. 23 to discuss with South Korean trade authorities the details of future exchanges of ROC bananas with Korean apples and pears.

Firm To Build Carrier Ships for Poland

*OW1108040788 Taipei CNA in English 0302 GMT
11 Aug 88*

[Text] Taipei, Aug. 11 (CNA)—The China Shipbuilding Corporation [CSBC] is now negotiating with a private shipping company in Poland to build large bulk carriers, a spokesman for the CSBC announced Wednesday.

If everything goes smoothly, this will be the first time CSBC has contracted to build ships for a communist country, he added. He said that CSBC's prestige has also penetrated into many other communist countries apart from Poland. But the spokesman refused to give further details.

The spokesman said although the international shipbuilding industry is still sluggish, the situation is tending to improve gradually. Up to the end of July, CSBC had received orders to build 17 ships, which should keep the shipyard busy until the end of 1990, he said. Apart from domestic orders, CSBC has also recently received orders from Hong Kong and Japan to build oil tankers, bulk carriers, and container ships, the spokesman pointed out.

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